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100th Congress, 1st Session

H. Rept. No. 100-433

S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 16

Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
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November 17, 1987.—Ordered to be printed.

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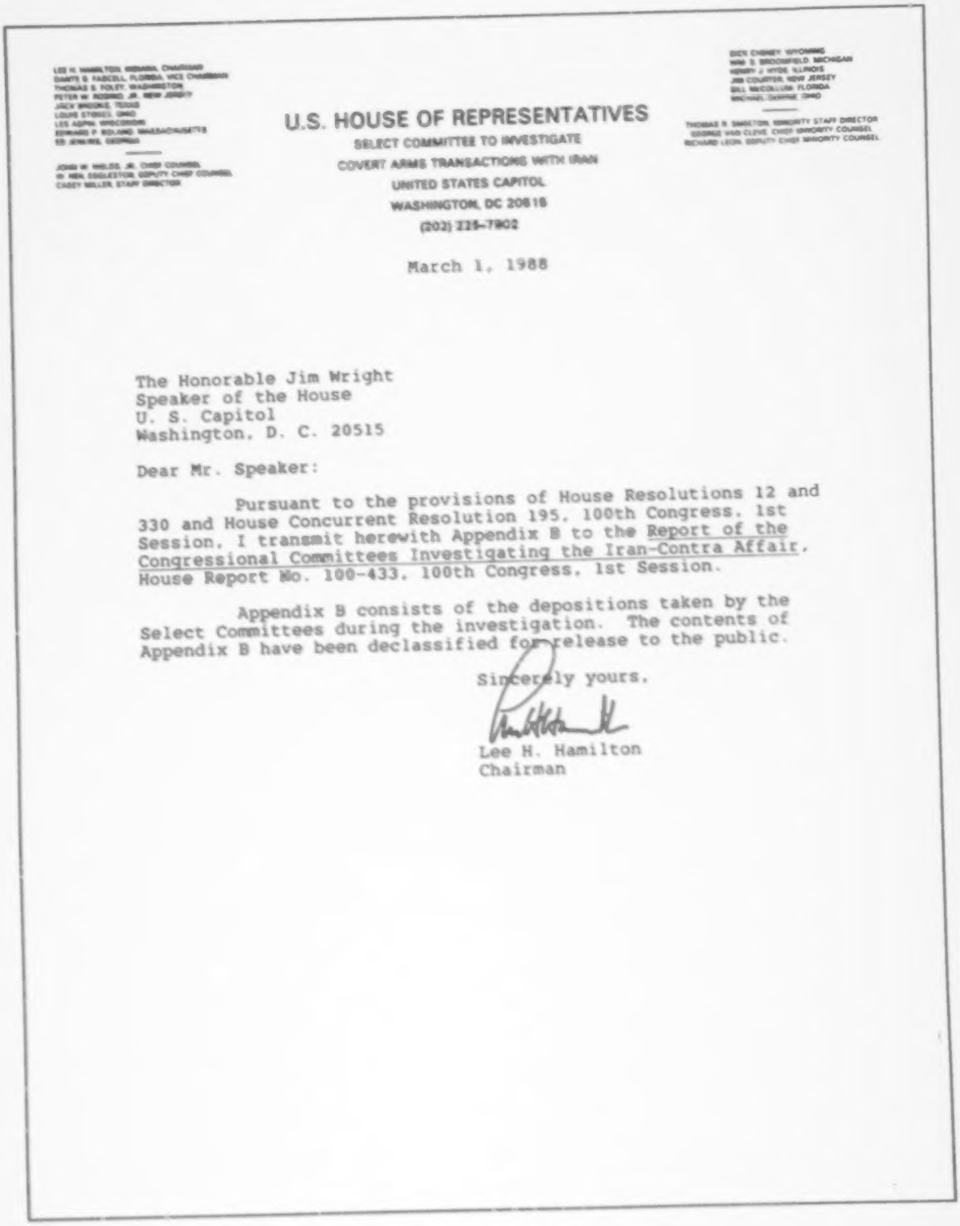

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

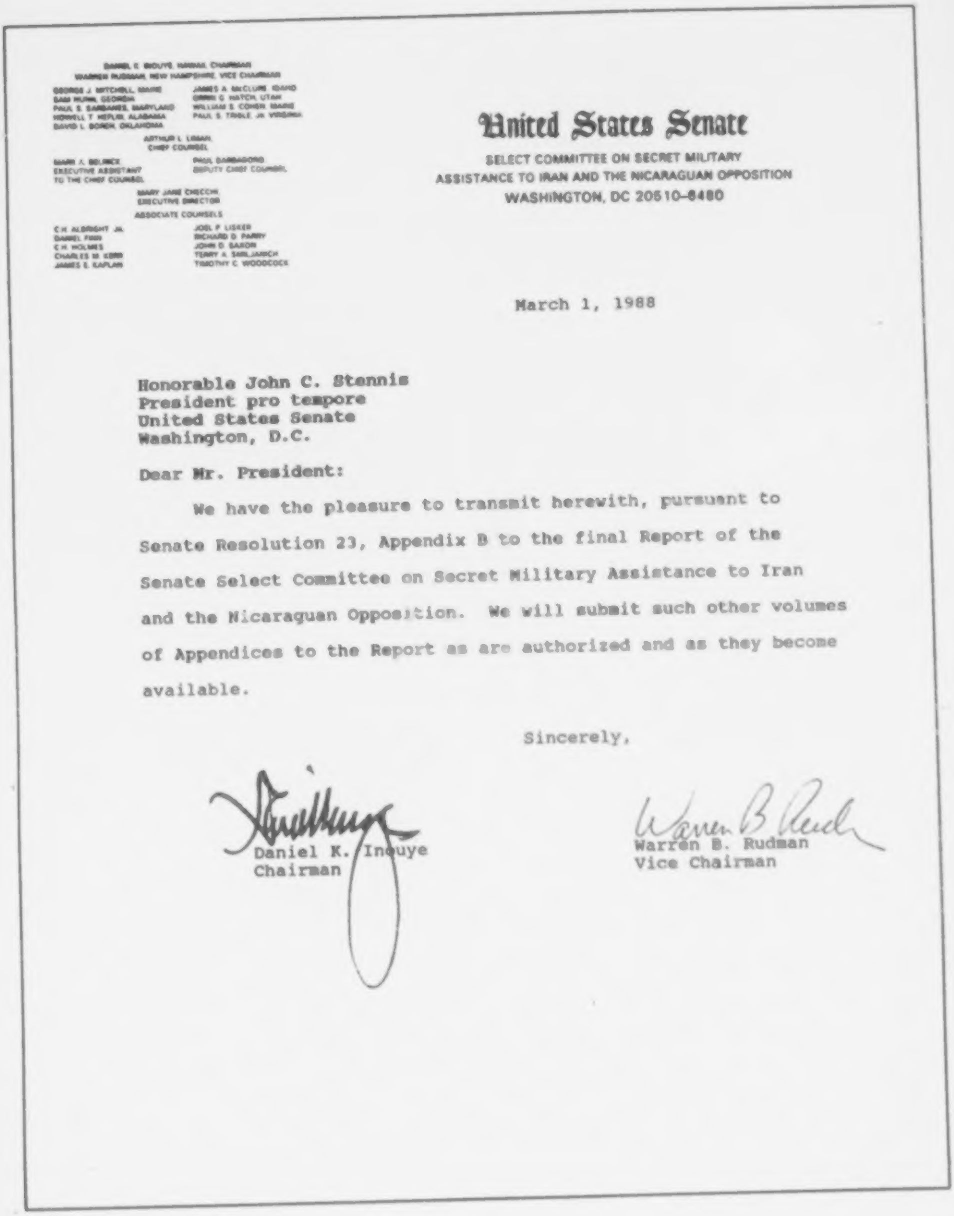
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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RPTS STEIN

DCMN BANMAN

2:00

DEPOSITION OF DAVID O. LEIWANT

Tuesday, June 2, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 2:00 p.m., in Room B-352, Rayburn House Office Building, with Thomas McGough presiding.

On behalf of the House Select Committee: Ken Buck, Pamela Naughton.

On behalf of the Senate Select Committee: Thomas McGough, Hank Flynn.

On behalf of the Witness: Mr. Perkins of the Department of Justice.

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[Witness sworn.]

MR. McGOUGH: On the record.

Mr. Perkins, I am Tom McGough from the Senate Select Committee. Pam Naughton from the House Committee and Ken Buck from the House Committee are also here.

So the record is clear, Mr. Perkins, could you state for the record who you represent and who you work for?

MR. PERKINS: I work for the Department of Justice and I represent Mr. Leiwant.

MR. McGOUGH: In his personal capacity?

MR. PERKINS: I represent him in relation to his official acts for the Department.

MR. McGOUGH: I guess we have had discussions before with the Department of Justice, and our position has been that if you are representing Mr. Leiwant, if the Department attorney is representing Mr. Leiwant in his personal capacity, they may participate; but if they are here as representatives of the Department of Justice, then under the House rules, which are somewhat stricter than the Senate rules, we have taken a position that representation is not appropriate, or attendance at the deposition is not appropriate.

So that the record is clear, did anyone alert you that we have been drawing that distinction?

MR. PERKINS: Yes.

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MR. McGOUGH: Which position are you in?

MR. PERKINS: I am representing him in his personal capacity.

MR. McGOUGH: Is that acceptable to you, Mr. Leiwant?

THE WITNESS: Yes.

MS. NAUGHTON: Did you wish that the contents of the deposition remain confidential or will you waive that privilege and allow the contents of the deposition to be disclosed?

THE WITNESS: I will waive privilege.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Would you state your full name, please, and spell it for the record?

A David Owen Leiwant, L-e-i-w-a-n-t.

Q Mr. Leiwant, what is your date of birth?

A February 9, 1955.

Q And how are you employed?

A I am Assistant United States Attorney in the Southern District of Florida, located in Miami.

Q Starting with college, could you give me your educational background?

A I have a Bachelor of Arts from Yale College '77, Juris Doctor from the University of California at Berkeley.

1981.

. Q Did you take any time off between college and law school?

. A Yes, I did.

. Q When was that and what did you do?

. A I took the '77-'78 year off. I spent a few months as a professional frisbee player and I also spent some time teaching public school in Elizabeth, New Jersey.

. Q Starting with your graduation from law school in '81, could you tell me your employment history?

. A I was employed with the law firm of Saiber, Schlesinger, Satz & Goldstein in Newark, New Jersey.

. Q Where in New Jersey?

. A In Newark, New Jersey. And that was from September of '81 through July of '83.

. Q Was your position there as an associate?

. A Yes, I was an associate.

. Q Were you a member of any bar?

. A I was and I am.

. Q Why did you leave Saiber, Schlesinger, Satz & Goldstein?

. A I didn't like the way the firm was run and didn't feel I was getting enough responsibility and court time.

. Q Where did you go at that point?

. A I took about five--I was traveling, traveled for

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four or five months and I was interviewing with U.S. Attorneys' Offices and other prosecutorial agencies and started work for the U.S. Attorney's Office in Miami in February of '84.

. Q Who was the U.S. Attorney when you began your employment?

. A Stanley Marcus.

. Q Did you at that time become a member of the Florida Bar?

. A I was already a member of the Florida Bar. I became a member of the Florida Bar in June of '83.

. Q You left Saiber Schlesinger when in '83?

. A In July.

. Q So there was approximately one year between the time you left the law firm until you--

. A No. There was approximately seven months. I spent three of those months traveling in Europe and one month traveling in the Far East.

. Q And I presume that you have been with the U.S. Attorney's Office as an Assistant U.S. Attorney since that time?

. A Yes.

. Q What was the position you took with the U.S. Attorney's Office, if it had a title, when you first went to the U.S. Attorney's Office? What section were you in or what division?

. A I was in the Appeals Division. I was originally supposed to be temporarily in the Appeals Division and then going into the Criminal Division, but I stayed in the Appeals Division, of which I am still a member.

. Q You say you were originally--it was supposed to be temporary. Was that by agreement with Mr. Marcus?

. A Yes. When I had been hired, I was told I would go directly into a new trials unit. When I got to Miami, they said that they had changed their policy and were now rotating all new attorneys through the Appeals Division.

. I found that I enjoyed appeals and was good at it, and they liked my work, so I stayed in appeals.

. Q Do you handle both civil and criminal appeals?

. A Yes, but primarily criminal.

. Q Do you do any trial work in addition to your appellate work?

. A Occasionally, but very rarely.

. Q Under what circumstances would you do trial work?

. A When I sometimes do motions for other people who have big cases, or if there is a legal issue.

. I am doing a Section 2255 motion in the District Court right now which was assigned to me because the underlying case had occurred fifteen years ago and the trial attorney was--~~he was no longer in the office~~. very senior and was unwilling to do it

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. So I sometimes pick up things, orphan cases and things like that.

. Q Have you ever been involved as an Assistant U.S. Attorney in an ongoing criminal investigation?

. A How exactly do you mean that?

. Q Have you ever had responsibility within the U.S. Attorney's Office for an ongoing criminal investigation?

. A I have never had primary responsibility. I have worked with others who do have primary responsibility.

. Q Who is your immediate supervisor?

. A Linda Collins Hertz is the Chief of the Appeals Division.

. Q Was she your supervisor in February of '84 when you joined--

. A Yes, she was.

. Q Does she report directly to the U.S. Attorney?

. A I believe so. I am not exactly sure how it works.

. Q There came a time, did there not, when Mr. Marcus left the office and Mr. Kellner was appointed acting U.S. Attorney?

. A Yes.

. Q Do you remember approximately when that was?

. A Approximately August of '85, I believe, but I could be wrong.

. Q Prior to that time had you worked at all under Mr.

Kellner?

. A Not really. He was the Executive Assistant and as such didn't really have any case responsibility that I was aware of. I don't believe I worked under him.

. Q After Mr. Kellner became U.S. Attorney or acting U.S. Attorney, did your responsibilities or duties in the office change in any way?

. A No.

. Q You know, of course, an Assistant U.S. Attorney by the name of Jeffrey Feldman?

. A Yes, I do.

. Q Have you ever worked with Mr. Feldman on any matter?

. A When Mr. Feldman entered the office, he rotated through the Appeals Division and I supervised him on some appeals, and I have answered trial questions he has had since he has moved into the Trial Division. I think that is pretty much it.

. Q Did there come a time in--I believe it was early '86--when you had contact with a case that--let's call it the Garcia case, Mr. Garcia being the original informant who raised allegations of an assassination plot and gun-running that resulted in an ultimate investigation? Did there come a time in early '86 when you had some contact with that case?

. A Well, I did not know it as the Garcia case.

. Q But you know the case to which I refer?

. A Yes.

. I had peripheral contact with the investigation.

. Q How do you refer to the case, if at all?

. A I really have never had a name for it.

. Q Calling it, just for lack of a better term, the Garcia case, can you tell me what your first contact was with it, when it first came to your attention?

. A Yes. I believe it was Friday, April 4, 1986, I was working, preparing for an oral argument in the library at the U.S. Attorney's Office. It was definitely after 5:00--it might have been around 6:00--and Ana Barnett came into the library and saw me working at the juris computer.

. Q Who is Ana Barnett?

. A Executive Assistant at the U.S. Attorney's Office.

. She said that Mr. Kellner needed to see a copy of the Boland amendment, she didn't know how to find it and could I find it for her.

. Q Did she tell you why he needed to see it at that time?

. A I don't believe she did.

. Q What did you do?

. A Since I was already on the computer, I think I started to look on the computer. She started to look in the

U.S. Code, Administrative News. I believe I eventually found at least one of the Boland amendments on the computer and printed it out and we brought it into Mr. Kellner's office.

. Q Who was in Mr. Kellner's office when you delivered the Boland amendment?

. A Mr. Kellner, Jeff Feldman, and I don't remember whether Ms. Barnett was already there or whether she came in with me.

. Q So it would have been at the time you delivered the copy, Mr. Kellner, Mr. Feldman, Ms. Barnett and yourself--

. A Were the only four people in the office, that's correct.

. Q What happened?

. A I came in the office with the printout. Mr. Kellner was on the telephone.

. Q As you came in?

. A As I came in.

. And I went over to the end of the table and just gave the printout to Ana Barnett without saying anything, because I didn't want to interrupt the phone call. It appeared that Mr. Kellner was talking to someone from the Justice Department in Washington.

. Q It appeared he was talking to someone from the Justice Department in Washington. Can you relate to us, as best you can, what you heard of the telephone conversation?

A I heard things that Mr. Kellner said and things that sounded like he was repeating. The name of Lowell Jensen came up once or twice.

Q You say his name came up once or twice--in the context of it was Lowell Jensen on the other end of the phone or they were speaking of Lowell Jensen?

A I came to the conclusion it was Lowell Jensen at the other end of the phone. I thought it might be Steve Trott at the other end of the phone, since in the past when Mr. Kellner spoke to the Justice Department, he had been speaking to Mr. Trott.

Q But references to Mr. Jensen suggested to you that it was Mr. Jensen on the other end of the line?

A That is what I thought at that time.

Q What else can you recall about the conversation?

A I remember Mr. Kellner--it sounded like he was repeating things, sort of like--I don't remember any exact words, but to the effect of, so you want us to keep it quiet, or of course we will keep it quiet, something to that effect, and something about going slow on the investigation.

At some point--I don't know whether Ana Barnett was whispering this to me while Mr. Kellner was on the phone or whether she told me this in the library--but I had been informed that Jeff Feldman had come back from Costa Rica and

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had been investigating charges that there was gun-running to the contras, possible violations of the Arms Export Control Act and the Neutrality Act.

And then--Mr. Kellner was only on the phone in my presence for a few minutes and then he got off the phone and looked at us and said something like, Washington--they want us to go slow on this.

But he had a look on his face which I had seen before, sort of a ~~[illegible]~~ grimace JBS 7/2/[illegible], which gave me the impression that he wasn't going to pay any attention to them.

He also said something like, wanting us to make sure that nothing came out, nothing came out about the investigation, with the same look on his face, because we had previously been the victims of leaks from Washington on ongoing investigations.

So my immediate impression was that he was telling us what they wanted but wasn't going to pay too much attention to it.

I think at that point I said something about that I thought there might be some connection between that and the upcoming vote on the contra aid. I don't think anyone said anything in response. It was just a throw-away comment.

Q Was there any further discussion of the telephone conversation that you can recall, after Mr. Kellner terminated it?

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. A No. After he terminated it and got off the phone and made those brief statements, I didn't hear any discussion of the telephone conversation at all.

. Q Can you recall anything else about the telephone call or anything Mr. Kellner said out loud that you overheard, other than what you have told us?

. A I cannot.

. Q Do you know how long that telephone call lasted, as you witnessed it?

. A No, I don't. It was my impression he was not on for more than five minutes while I was in the room. I was listening to it with half an ear, and I was pulling statute books out of the bookcase on the other end of the table, to get the wordings of the Neutrality Act and other cases while he was on the phone.

. Q These statute books were in his office?

. A Are in his office.

. Q How did you know about the upcoming vote on the--

. A I have been reading about it in the newspapers.

. Q Was there any discussion in that group of newspaper articles or publicity associated with aid to the contras that you can recall?

. A Not that I can recall.

. Q How long were you in Mr. Kellner's office that evening?

A I really don't remember, but I think it was about half an hour, perhaps 45 minutes.

Q Now, we have talked about portions of a telephone conversation you overheard. We have talked about your remark or what Mr. Kellner said about keeping it quiet and going slow after he got off the phone. We have talked about a side conversation or some conversation you had with Ms. Barnett about the investigation itself.

A Yes.

Q And you have mentioned the one remark you made that referred to the upcoming vote.

Is there anything else you can recall about that meeting, that half-hour or 45-minute meeting that evening?

A Yes. Jeff Feldman was very excited about what he had found out in Costa Rica, as apparently they had been discussing this for quite some time. I just came in late. But it seemed like Mr. Kellner was of the opinion that the only real solid evidence we had at the time was the possibility of there had been illegal arms shipments from Fort Lauderdale Airport [redacted] and the possibility of people having been involved in that.

Then we discussed generally what Jeff's ideas were and what possible violations of Federal statute they involved. We discussed the possibility of violating the Arms Export Control Act and the question of whether there would be a violation of such an act if people exported guns without a license but with the approval of the Executive Branch and the President.

We discussed the Neutrality Act, the Neutrality Act conspiracies and its possible application to what Jeff had found out, to the leads he had gained, and we also discussed the Boland amendment--I think we only had one of them; I later found out that there were two--and since the Boland amendment contains no criminal penalties for its violation, what would be--if there was any criminal penalty for violating the Boland amendment.

We talked about the possibility of contempt of Congress, as well as the vague possibility of a conspiracy against the United States.

Q Let's back up for a moment.

You said in the context of the Arms Export Control Act, that you explored whether it could be violated where there was Executive Branch approval or approval by the President. What facts or allegations had come to your attention at that point that raised the possibility of Executive Branch involvement in that?

A Well, there was--Jeff was excited over what he had found. Mr. Kellner thought that we were lacking hard evidence as to just about everything except the arms export. Nevertheless, speculating that it is possible that the CIA was involved, or that the National Security Council was involved--

. Q Was there any mention made of either the CIA or the NSC?

. A - I believe we specifically mentioned the NSC. I am not sure if we specifically mentioned the CIA.

. Q When you say ''we,'' do you remember who?

. A I don't remember who mentioned it originally. Apparently there were some leads back to people who were possibly identified with the NSC. I am not sure if Owen's name came in.

. Jeff did mention--I am not sure exactly who mentioned it, but it seemed like they had already talked about it and that they thought there was a possibility that the National Security Council and/or the CIA were somehow involved in approving of this.

. We didn't really investigate--I didn't really do any research at that time as to whether you could violate the Arms Export Control Act if you had Executive approval, but we just kicked it around a little.

. Q Did Colonel Oliver North's name come up?

. A I don't remember. I knew that I was aware of it at that time, of his name, and I had read articles about him. But I don't know if his name came up.

. I do believe--for some reason I believe that the

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name of Owen had come up.

Q If Colonel North's name had been mentioned, would it have rung a bell with you? You say you had read--

A It might have been. I don't remember either way. I cannot say with any surety.

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DCMN BANMAN

2:30

. Q Was it the alleged involvement of the Executive Branch that brought about this discussion of the Boland amendment as a possible basis for a criminal violation?

. A I was asked to--I was asked to bring the Boland amendment in and it seemed obvious--well, they were talking about the possibility of the National Security Council, CIA, and who knows else in the Government being involved with this, which we thought would clearly be a violation of the Boland amendment.

. The only question is what we would be able to do, what charges we would be able to bring if we were able to--if we could prove a violation of the Boland amendment.

. Q Do you recall any discussion of the Grand Jury investigation at that point?

. A Yes.

. Q What do you recall about it?

. A I recall that Jeff was eager to go to a Grand--mentioned being eager to go to a Grand Jury. Nothing specific was said, whether it would or would not be an immediate Grand Jury investigation, that I heard.

. But Mr. Kellner did point out that the only hard evidence we had at the moment was really the evidence of the gun shipment.

Q Did Mr. Kellner take a position on whether or not it was an opportune moment to go to the Grand Jury?

A I don't really recall. I just remember him--I guess it is just an impression of him sort of calming Jeff down. Jeff was very ready to do anything to go ahead immediately. He thought he had pretty much all he needed to go ahead. But I don't remember any discussion being made or announced on whether there would be a Grand Jury or when or whether there would not be a Grand Jury

Q Can you recall anything else about that meeting?

A Not really.

Q Do you recall how the meeting closed? What, if anything, was the outcome or next step after the meeting?

A No, I don't remember. I may have even left before the meeting--before everyone else left, because I was not part of the investigation.

I had simply--I was simply in there initially because I could find the amendment, which was not that easy to find, and, secondly, to give my opinions as someone from the Appeals Division on the applicability of certain statutes to the facts we had or thought we might develop. And seeing as it was a Friday night and after 6:00, by then I was quite eager to go home.

Q Again I just want, before I bring up another point, I want to make sure--have you relayed to us all your recollections of that meeting?

A I believe so.

Q Let me probe on the question, go back to the phone call with Mr. Kellner, or with Mr. Kellner on the phone. What was it about the phone call or subsequent conversations from which you concluded that he was speaking to someone at main Justice and/or Mr. Jensen or Mr. Trott?

A Well, it could have been that when I came into the room, Ana whispered to me, ''He is talking to Justice.'' It could have been. I don't remember.

Q You say Ana?

A Ms. Barnett, Ana.

Or it could have been just from hearing the conversation, and I don't remember very much specifically about the conversation but hearing the names I was hearing, and I was very accustomed to be in Mr. Kellner's office while he was talking to the Department.

Q On the possibility that Ana might have mentioned it to you, you don't recall, or do you, whether she accompanied you, stayed with you in the library and then accompanied you back into Mr. Kellner's office, or whether she preceded you back to the office?

A I don't really remember. I think she preceded me back in there. We did not--I don't think we found it in the

U.S. Code, Congressional News, so I was working on the computer to get it out of the data base.

. Q Did you consider Mr. Kellner's statement, that Justice wants us to go slow and Justice wants us to keep it quiet, unusual and noteworthy?

. A Well, I thought it was noteworthy in the sense of I thought this was semi-politically sensitive, but not--I mean, Justice, as far as I knew, gave us direction, suggestions on all sorts of ongoing investigations.

. Q Were you asked to do any further research on that case?

. A About two months--a month or two later, either in May or June, I think, Richard Gregorie, who was the Chief of the Criminal Division at the time, asked me to keep myself available to give Jeff any assistance he needed on the case, and soon after that I was in the library and Jeff was researching something on the Neutrality Act and he asked me to look something up or find something, and I did. But that was really the extent of my work.

. Every so often I would run into Jeff in the office and ask him how it was going. In fact, I was actually kind of surprised that I was not asked to do any more research on it after the time in May, and then I didn't really do anything.

. Q Did you ever discuss that case with Mr. Kellner again?

A No. Never did.

Q Did you ever discuss it with Ms. Barnett again?

A No. Well, I--let me put it this way. I didn't discuss the case as an investigation. I discussed, in March of this year, what my recollections of the meeting were.

Q I understand. We will talk about that in a minute. Let's take it up to January 1 of this year.

A No, never. I spoke to Mr. Feldman occasionally.

Q Did you ever, other than that brief contact with Mr. Gregorie, discuss it--the case--with him again?

A No, I don't think so.

Q Just so we can close this set then, other than Mr. Feldman and beyond, between that April 2 meeting and January 1 of this year, did you ever discuss that case with anyone else in the office?

A In the office?

Q Yes.

A I may have mentioned it to Linda Hertz at some point, but this was--this would be like after November, after the revelations, and I think I had read some article and I had mentioned to her that I had been at this meeting and I didn't think that this was the way it had happened.

I don't remember. I told her I thought something was wrong about it. That is the only other person in the office I discussed this with.

Q Recall for me, if you will, the discussions you had with Mr. Feldman, if you can put them in some kind of order.

A Well, I don't know if I can put them in some kind of order.

I know that one day in the late spring or early summer, I was coming into the building or coming out of the building and he was standing on Miami Avenue with his jacket off and I asked him how the case was going. He said he had just gotten back from Costa Rica again. But that is really all we said.

Then when I would run into him in the halls occasionally, I would ask him, if I remember--and I guess in September or October I asked what was going on and he said something about going to the Grand Jury and he showed me, he had a legal pad and he had a name--like three pages with names of witnesses, and he was happy that it was finally going to the Grand Jury. I really can't swear to the date, though.

Q Now, your first meeting on this case was around April 2; is that right?

A I believe it was Friday, April 4.

Q Friday, April 4. Sorry.

And you believe that that was after Mr. Feldman returned from Costa Rica.

. A Yes. That was mentioned at the meeting. I had not even known he had gone to Costa Rica.

. Q And then you believe there was a second trip to Costa Rica because Mr. Feldman told you he had just returned from Costa Rica at a later date?

. A Yes.

. Q Can you put a time frame on that conversation you had with him, the one about the second trip?

. A I really have a problem doing that. I mean, it was after--it was perhaps between late May and August 1. We had a very hot summer, so it was not unusual for someone to be standing outside with his jacket off. It was just a very peripheral meeting.

. Q And the comment about being ready to go to the Grand Jury and showing you a legal pad, can you put a time frame on that?

. A Could have been anywhere from September through November. I am not really sure.

. Q Did you ever discuss this case with representatives of the FBI?

. A Of the FBI?

. Q Yes.

. A No.

. Q Up to January 1 of this year?

. A No, I did not.

. Q How about anyone at main Justice?

. A No, no one at the Justice Department.

. Q Have you ever seen any written reports or records, other than the yellow pad that Mr. Feldman showed you--

. A No, I have not.

. Q --relating to this case?

. A No.

. Q Did you ever ask to see any written reports on the case?

. A No.

. Q Did you ever discuss this case with anyone outside the Department of Justice?

. A Yes.

. Q When and with whom?

. A I believe it was in August of 1986, John Mattes from the Public Defender's Office and myself were both in Atlanta. We had oral arguments the following day. We were friends and we were members of the same gym and, in fact, I believe that Mr. Mattes had mentioned something about Garcia, his client Garcia, back in January or February.

. We were working out at the gym and I didn't even listen. It sounded to me like another defendant's story. We get people all the time who are convicted of one thing--charged with one thing or another and they say they worked for the CIA or DEA or something

. Q When was that conversation?

. A I believe it was in January or February.

. Q Before the April 4 meeting.

. A Before, yes. I didn't even remember the name pretty much until it was mentioned at the April meeting.

. John and I were having a drink the night before--we were booked in the same hotel in Atlanta--and he was talking about he had gone down to Costa Rica and this is what he had found and there was this and that going on. And there had been an article in the Miami Herald, I guess, right around that time, in which the article claimed that Mattes and his investigator had gone to Costa Rica and come back and had been threhtened by Feldman and two FBI agents.

. And so John was telling me about, you know, what really happened, what he said really happened and how he thought the newspaper article had misrepresented what had happened, and he was asking me if I knew if anything had ever happened with the case. I said that--not as far as I knew.

. I may have--it is very tough to remember--I may have mentioned to him, at some point between April and that time, that I knew or had had something to do with the case, but it was in August that I told him that I had heard, you know, that it didn't seem like much of anything was happening. I was surprised it wasn't happening, and about what I had heard and seen at the meeting.

Q You related to him the incident or what you had seen at the meeting on April 4?

A Yes. In very general terms.

Q Tell us, as best you can, exactly what you told him.

A I think I told him that it was my impression that there was political pressure being put on from main Justice for us to not do the investigation and, as far as I knew, the investigation was still proceeding but I couldn't understand why nothing further had happened, to my knowledge.

John was interested in that and I told him about--I tried to tell him what I had heard in the phone call more specifically.

Q Did you discuss any other aspects of the case with him?

A I don't think so, because I really didn't know too much about the other aspects of the case. He was--it was more he was telling me what had happened to him and what Garcia had said and what was going on. I really didn't know anything about the case.

Q Had you been drinking at the time you made this statement to him?

A I think--he was having a beer and I was having a glass of wine.

. Q Was that your first glass of wine, as you recall?

. A Yes, my first glass of wine.

. Q Did you have any further discussions with Mr. Mattes about this case?

. A He asked me some questions about it. He would bring it up once in a while and then in November he asked me to meet with him--have lunch with him, and I did. And when I got there, there were three people or--two or three people there. I think one of them was John's investigator and two--the other two were from the Senate Foreign Relations Committee.

. Q Do you remember their names?

. A I believe one of them was Dick McCall.

. Q Do you remember the other one?

. A No, I don't remember the other one.

. Q Did Mr. Mattes tell you in advance that there were going to be other people at the lunch?

. A No, I don't think he did.

. Q Did he tell you--did you have any indication prior to going there that the Garcia case was going to be a topic of discussion?

. A I don't think so. I am not really sure. He may have given me the impression that he wanted to talk about it with me some more. But I can't really remember.

Q What happened at the lunch?

A Well, basically John told me who these people were and they introduced themselves and said that he had told them what I had told him and they just wanted to hear it from me. And I basically just confirmed, you know, told them what I had heard, which immediately thereafter I thought was a mistake, but I had already done it.

Q Why did you think it was a mistake?

A Well, I had a feeling that, as I was walking back to the office and thinking about it, that I didn't believe I was supposed to talk to people from Congress or another agency without regular approval. I think there are regulations about getting the approval of the Justice Department.

Q Had those occurred to you prior to the conversation?

A No. It just happened. It was rather sudden. It just occurred to me when I was walking back.

Q Had it occurred to you after the first conversation you had with Mr. Mattes that perhaps that was a conversation you shouldn't have had?

A No, not until this conversation. You know, I had assumed Mr. Mattes would keep this in confidence. I really had no reason to believe he was going to tell anyone about it. It was more in the--more like trading war stories, John saying, ''I went to Costa Rica and I thought they were going to kidnap me, I got threats on my life,'' and all, and me saying, ''Well, you know, I think there is pressure on my office not to investigate this thing too thoroughly.''

Q What happened next?

A I think this occurred in November--I am not sure--some Friday in November.

A few weeks later John said that Senator Kerry was down, was in Miami, and would like to speak to me, and I went--you know, I basically confirmed what I--John had already told him, apparently the other people had told him already, as well, what I had said. And he asked me some questions and I told him what I had said and he didn't seem exactly happy with what I was saying, because he and a lot of other people were apparently under the impression that Mr. Kellner had said, that I had heard Mr. Kellner say to Mr. Feldman to take it easy or something like that, which was not the case. I had heard Mr. Kellner say that Washington wanted us to take it easy, or go slow, or whatever the exact words were, and it was my impression, as I told the Senator then and I have told you earlier, that Mr. Kellner was not going to follow that pressure from Washington.

So we had a brief talk and that was it.

MR. FLYNN: Would you repeat what you thought he said? I mean what the Senator said.

THE WITNESS: The Senator seemed to be under the impression that I had heard Mr. Kellner tell Mr. Feldman to go slow on the case, and I did not hear that.

MR. FLYNN: Okay.

BY MR. McGOUGH:

Q Was anyone other than Senator Kerry present when you spoke with him?

A John Mattes was also present.

Q Now, you had advance notice of that meeting; is that right?

A Not really. Maybe fifteen minutes.

Q What time of day was it?

A I think it was in the afternoon, early afternoon, 1:00.

Q Did you have any reservations about meeting that commitment--

A Yes, I did.

Q --or attending that meeting?

A Yes, I did.

Q Did you discuss the meeting or your reservations with anyone in the U.S. Attorney's Office?

A No, I did not.

Q Up until or up through the meeting with Senator Kerry, did you let anyone in the U.S. Attorney's Office know that you were speaking to someone else?

. A I don't think so, no. I don't think I did.

. Q You hesitated for a moment.

. A Well, I spoke to Linda Hertz about it, but I think afterwards. I have spoken to her a few weeks after or--she knew at some point, but I am pretty sure it wasn't beforehand. In fact, I am sure it was not beforehand.

. Q After the Kerry meeting, what happened next?

. A Not really a lot. You know, I had run into John. He would tell me what was going on. I would read things in the newspaper.

. Then I guess it was March I received a telephone call from--well, actually what happened was I had read some article somewhere where my--where I was mentioned, not by name but what I had heard was mentioned, like word-for-word, and I was very upset with this and I told John that I was very upset with it and I wanted to know how that had happened, and he said that apparently he had told someone who is a plaintiff in a lawsuit and that they had given it to the newspaper person.

. And then when--I guess it was in March, it might have been April, I received a phone call at my home from Hayden Gregory, who was, I guess, an investigator with the House Judiciary Committee, who wanted to speak with me.

. When that happened, I decided that I should go to--I went to Ana Barnett and I told her what basically had happened, who I had spoken to, that Gregory called and wanted to speak to me and that I had heard the conversation, I was at the meeting. And I told her and Mr. Gregory--they were together.

They were actually quite happy to hear that it was I who had been the leak, as they said. They said they had been very worried about who was the leak. They thought it might be an agent, an FBI agent or something. They were happy it was me, who was very peripheral, and Ms. Barnett said she had not even remembered that I was at the meeting.

And they said they would tell Mr. Kellner, who was in a meeting at the time, that I told them and that he came--that a couple days later Mr. Kellner came in and told them that he had notified the special prosecutor--I also told Ms. Barnett that I had received a phone call from the Washington Post reporter who wanted to interview me for a story and I had not talked to him about it.

That was the other thing. I had received a call from a reporter. Now, the way that came about was back in April of 1986, when I had heard this originally, I had thought of speaking to a friend on the Washington Post about this, the fact that we were basically supposed to keep it quiet, that there was actually an investigation going on.

And I even called this friend in a round-about way and I told her that I might know something about the contras, and she didn't really sound very interested. And the next week, I guess it was Wednesday or so, the story broke in the--that there was an investigation going on, in the New York Times, I think it was Wednesday or Thursday. And with that happening, I felt there was really no need for me to say anything.

. Q When did you call this reporter?

. A I think it--I think I called her--it could have been probably the weekend or maybe even a Tuesday or Wednesday. I was in Atlanta on Monday and Tuesday. I may have called her on the Wednesday and the story may have come out either that Wednesday or Thursday in the papers.

. Q This was Wednesday or Thursday after--

. A Right.

. Q --after the April 4 meeting?

. A Right, after the meeting.

. Q Why did you--why did you even broach that subject with her, with a reporter?

. A I thought of broaching it because there had been, and were continuing to be, denials from the Administration in the newspapers that there were any investigations going on, that there was any information about this--deliberate misstatements, not just the usual tending to confirm or deny there is an investigation going on. There were specific details. That worried me.

Q What worried you?

A What worried me was the fact that people in Washington were deliberately lying, that they knew there was an investigation going on, that they had told us to keep it quiet, and they had told us to not do it, to slow down the investigation. And that worried me.

Q What exactly did you tell the reporter?

A I was very round-about. I told her that I might know something about the contras and Nicaragua. I am not even exactly sure what I told her about it. But she didn't sound very interested. Her husband was also a reporter on the Post, who was actually doing Central American stuff, and I spoke to him for a minute and he didn't sound very interested either.

Q Who was the reporter, by the way?

A Margaret Shapiro.

Q Were you prepared to answer questions if Ms. Shapiro did, in fact, ask them?

A I don't know what I was prepared to do at that time. I am not even sure what day I spoke to her.

When the story came out in the papers, in the New York Times and I am not sure where else, by that time I was not prepared to say anything further. Basically I thought everything I had to say had already come out. I felt that someone had beaten me to it.

RPTS STEIN

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3:00

. Q Other than Ms. Shapiro, have you discussed this case with any members of the press or the media?

. A Well, I didn't really discuss it with her. And, as I say, I think I spoke briefly to her husband, Fred Hyatt.

. Q At the same time?

. A It could have been. I think I called her at home.

. Q Were there one or two calls?

. A I am not sure. It could have been--I only seem to remember one. But I didn't really say anything, and nothing really came of it.

. Q Why would you speak to both Ms. Shapiro and Mr. Hyatt?

. A Because if I call her at home and her beat was Congressional and his was Central America, and I knew him as well, since we all knew each other socially, and I think she just said Fred would probably be more interested.

. Q Are they in the Miami Bureau of the Washington Post?

. A No.

. Q These are Washington, D.C., people?

. A They were Washington, D.C., people. I think they are going to be Southeast Asian correspondents.

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. Q Have you discussed--other than with Ms. Shapiro and Mr. Hyatt, have you discussed this case with any reporters?

. A No.

. Ms. Shapiro called me and asked me if I was willing to speak to the Washington Post reporter this April, I guess it was, whenever he was doing the story--March or April--and I said I was not willing to do that.

. I have also received calls--I was recently away from the office for two weeks and I received a telephone call from a reporter from the Miami Herald on May 22nd, and a story ran on May 25th. I did not speak to him either.

. Q Have you, on any other occasions, discussed Department of Justice business with reporters?

. A No, I have not. I am not even sure that the conversations I had were specific enough to be described as discussing Department of Justice business with a reporter.

. Q With that qualification--did you ever have similar conversations with a reporter that couldn't be considered specific enough?

. A No, I did not.

. Q Did you at any time provide anyone outside the U.S. Attorney's Office with copies of documents--

. A No, I did not.

. Q --or the original documents in this case?

. A No, I did not.

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Q You therefore deny being the source of the Feldman memorandum that has been quoted--

A I have never even seen the Feldman memorandum. I certainly didn't give it to anyone.

MR. McGOUGH: I don't know that we have to mark this as a deposition exhibit.

BY MR. McGOUGH:

Q You provided no memoranda to anyone?

A I provided no memoranda. All I provided was a printout from the computer with the text of the Boland amendment.

Q You provided that to whom?

A I think I gave it to Ana Barnett that day and I haven't seen it since.

Q That is the only piece of paper that you handled--

A That I generated, yes.

Q When you first went to Ms. Barnett and Mr. Gregorie and told them that you had been the source of this report in the newspaper--

A That I felt I had been the source.

Q That you felt you had been the source. All right.

--did you discuss with them what you had told Mr. Mattes and Senator Kerry?

A Yes.

Q Did you discuss, in the course of that, Mr.

Kellner's conversation that you had overheard?

A I did.

Q Did Ms. Barnett acknowledge that that conversation had taken place?

A First she said that she had forgotten I was even at the meeting and that no one remembered either. But now she remembered.

She also acknowledged that there had been a conversation, but that she did not remember that being said, and that she thought Mr. Kellner was talking to a man named Mark Richard, who apparently works with Mr. Jensen.

Q Just so the record is clear, so that we can focus on what Ms. Barnett acknowledged or didn't acknowledge, she acknowledged that there was, in fact, a conversation that took place at that time?

A Yes, that Mr. Kellner was probably on the telephone when I came in and it was probably with this Richard person, of whom I had never heard.

Q But she did not recall either a reference to going slow or a reference to keeping it quiet?

A Right. She said she had no real recollection of what had been said during the telephone call.

Q Did Mr. Gregorie have anything to add along those lines?

A No. He at first thought he was in the meeting and then we talked about it a little further and he realized he hadn't been involved in that meeting.

Q What sparked that recollection, if you know?

A I don't remember. It was talking in more detail, exactly when it happened, what happened, because--the fact that there were only four people in the room and Dick wasn't one of them.

Q Was Mr. Sharf in the room?

A He was not.

Q Who is Mr. Sharf, for the record?

A Larry Sharf is an attorney in my office. I think he is special counsel.

Q Did you ever discuss this case with Mr. Sharf?

A No.

Q Let's run through the same exercise with Mr. Kellner, that is, you went to Mr. Kellner or he came to you and discussed the fact that you had thought you might be the source for this story.

A No. What he did was--he was in a meeting when I was speaking to Ana Barnett and Dick Gregorie. I believe a few days later he came to Appeals--I was in an open area--and he asked me to go to my office.

He said he had notified the special prosecutor's office of the information I had and that they were probably going to want to interview me. He said he specifically remembered never having said anything like that about going slow and he seemed very upset.

And I tried to tell him that I had been misquoted in the papers because I had never heard him tell Feldman to go slow.

Q But you did tell him that you recalled him relating that as the desire of the Justice Department?

A Yes. And he said he didn't--specifically no one ever said that to me, I never heard that.

Q Did he make any reference to whether or not the phone call had occurred at all?

A I don't think so. He didn't mention that. It was very brief, no more than two minutes in my office.

Q Have you had any further discussions with Mr. Kellner about this--

A No, I have not.

Q --about this incident?

A No.

Q How about with Ms. Barnett?

A Not really. She is sort of the contact person for travel and things, so--for instance, yesterday I went in and asked her what the procedure--if she knew what the procedure was like. I spoke to her when I originally got the request--I had received the call from Washington--trying to keep her up to date.

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Q Have you discussed the matter with Mr. Gregorie since then?

A No.

Q With Mr. Sharf?

A No.

Q Since the discussion about going to the Grand Jury way back in '85, have you discussed this matter at all with Mr. Feldman?

A No. I spoke to Mr. Feldman briefly about the procedures of this, of the committee, and that's all. And we didn't even really have much of a conversation on that, as neither of us feels it is very appropriate for us to be talking.

Q Do you know who released the Feldman memorandum to the press?

A No, I do not.

Q Do you have any idea who leaked the Feldman memorandum?

A I have no belief that is based on anything factual.

Q Do you have any suspicions?

A I have--it is my understanding that it appeared originally in the Washington Times last summer, and it has been my suspicion, from things I have read in the media over the past two years, that it could possibly be someone involved in the Department of Justice or with the

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Administration. But I have no facts upon which to base that. It is simply a supposition.

. Q Did you review any documents in preparation for coming here?

. A No. I looked through my calendar to make sure I didn't have any documents, and I found that I did not.

. Q Other than Mr. Perkins, have you spoken to anyone at the Department of Justice about this matter?

. A In what sense? I have spoken to two other people in the Office of Legislative--I guess it is Legislative Affairs, about my appearance here. But I have not spoken to anyone about the specifics of my testimony.

. Q Who in OLA?

. A Caroline Navel and Mr. Boyd, I believe his name is.

. Q Have you been interviewed by independent counsel?

. A Yes, I have.

. Q Have you appeared before the Grand Jury?

. A I have not.

. Q Let me just take a moment to review a couple of things.

. Let me go back to your conversation with Ms. Shapiro and Mr. Kyatt. Do you recall whether you told either of them or mentioned to either of them the telephone call in particular?

. A I don't think I did.

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Q Do you know whether you made any other semi-contemporaneous statements to anyone relating to that phone call--did you mention the phone call, the instructions to go slow or the instructions to keep it quiet, to anyone else at or about the time it occurred?

A Not as far as I can remember.

Q When was the first time you recall discussing that telephone call and the instructions that the Department allegedly gave Mr. Kellner, with anyone?

A I think it was August when I was talking to Mr. Mattes.

Q And that would have been the first time?

A I think so.

Q At the time any of this occurred, at the time the telephone call occurred, did you raise with Mr. Kellner or Ms. Hertz or any of your superiors the propriety of going slow or keeping this investigation quiet? Did you say, wait a second, that is not what we are supposed to be doing?

A No, I did not, because it was my impression that we were not going to be going slow on the investigation. And, as to the propriety of keeping the investigation quiet, it is quite proper to keep a pending investigation quiet. In fact, the most I was willing to tell anyone, would have been willing to tell anyone, was that contrary to the denials, that such an investigation did exist, and--see, this was on a

Friday. On Monday I went to Atlanta. I got back Tuesday night.

I guess it was Wednesday or Thursday--Wednesday morning or Thursday, probably Wednesday, Thursday, Friday, I am not sure on the date--it was sometime that week it came out in the paper.

I didn't really have a chance to do anything. I think all I did was call Ms. Shapiro. That didn't go anywhere. It came out in the papers and I felt, well, we are investigating this, it is known that there is an investigation going on, that is all that needs to be done.

Q So other than the call to Ms. Shapiro, you didn't take any steps to counteract or repeal this thing until you spoke to Mr. Mattes?

A Right, as far as I can remember.

MR. McGOUGH: That is all I have.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Is Mr. Mattes related to anyone on Senator Kerry's staff, do you know?

A I do not know that as a fact, but I have been told that his sister has something to do with Senator Kerry.

Q Did you learn that before you spoke to him about the substance of this case?

A Well after.

. Q So you didn't know, when you were speaking with him in August, that he perhaps had a relative on the staff?

. A I did not.

. Q Did Senator Kerry make this trip especially for this purpose or was he in the area for another reason?

. A I have no idea.

. Q But he was alone at the meeting with Mattes?

. A There was someone else with him who was in and out, but he was borrowing the office of a Dade County commissioner,-he was using that office. I don't know what else he was doing there.

. Q Was it in a county government building?

. A Yes, the Metro Dade Building.

. Q The April 4th meeting, the telephone call, when you say that Lowell Jensen's name came up or was referred to, was it as if Mr. Kellner was saying, ''Oh, Lowell Jensen,'' or was he saying, ''I will do that, Lowell,'' or, ''That will happen, Mr. Jensen''?

. A I don't remember. I do know that Mr. Jensen's name came up.

. Q Do you remember which part--first name, last name?

. A I think the first name more than the full name, but I think both parts came up.

. Q When he referred to Lowell, did it sound like he was referring to a third person, in other words, ''Lowell told me this"?

. A When he was on the phone?

. Q Yes.

. A I don't remember. I really don't.

. Q When you say that, you had a sense he was talking to main Justice from other experience when you have been in his presence when he was talking to main Justice?

. A I have been in his office a number of times, waiting to talk to him, when he was talking to main Justice about a case, and usually it is just a feeling that I get. Either he has gotten off the phone and said he was talking to Steve Trott or, knowing that he talks to Steve Trott frequently, he will say Steve and talks about a case in a way--I guess the attitude he would have in talking to someone from Justice, as opposed to talking to a special agent in charge from the DEA or FBI. It is a way he would talk to these people.

. Q Can you describe it?

. A I got the feeling he is more deferential to people from main Justice than he would be to people who were sort of his equals. That's all.

. Q When you spoke to Ms. Barnett and Mr. Gregorie concerning your discussions with Senator Kerry, were they together?

. A Yes.

. Q And with Mr. Kellner?

. A No. Mr. Kellner was in his office. This was in Mr. Gregorie's office. Mr. Kellner was in a meeting or on the telephone or something, and couldn't be interrupted.

. Q I am confused now. Then Mr. Kellner did not hear your entire version until a couple days later--

. A He never heard my entire version. Very briefly he came in and said that he never heard this--never said this to anyone, and I said I never said you said this to anyone.

. That was a few days after that, and I haven't really spoken to him since.

. Q When you met with Ms. Barnett and Mr. Gregorie, did Mr. Gregorie say he had attended any part of that April 4 meeting?

. A I got the impression that there had been meetings going on much of the day and that Mr. Gregorie was involved in some of them, and Mr. Sharf was involved in some of them. I was only involved in this one near the end of my day. So I got the impression he had been involved in meetings on this subject.

. Q He did not recall a phone call?

. A After we talked about the meeting a little, Ana and Dick realized that Dick had not been there when I was there and neither had Larry Sharf.

. Q After Mr. Kellner hung up the phone and told to the people in the room what had been said, did Mr. Feldman have a specific reaction to that?

. A I don't think so. It was--I don't think anyone really had much of a reaction. I was thinking that main Justice had a lot of nerve telling us not to leak a case when they have leaked two big ongoing investigations of ours since I had been in the office and when we still had people undercover.

. But I don't think anybody said anything. It wasn't like anyone was meant to say anything. It was more like that is what they want, let's get back to what we were talking about.

. Q Did either of those two leaks to which you referred have to do with evidence against anyone participating in the Sandinista movement or part of the Nicaraguan government?

. A The first one happened in '84, July '84, and it involved the Nicaraguan connection where cocaine was being flown up from Colombia allegedly through Nicaragua with the cooperation of the Sandinistas and then into the United States, and that had been--that operation had been blown in Washington before we were ready.

. Q And that was a DEA operation?

. A Yes, it was.

. Q Do you know who leaked that story?

. A I have no--I don't know. The story did leak right around the time of the Democratic Convention, though. So I have my ideas, as did others.

. Q To your knowledge, were there photographs taken of the Sandinista troops actually loading the cocaine onto the plane?

. A Of the Sandinista troops--I wouldn't--no, I don't think there were any photographs of the Sandinista troops. There was a photograph of a person who is allegedly a Sandinista official loading cocaine.

. Q Did this story appear in the Miami Herald?

. A That story?

. Q Yes.

. A Yes, it did, as well as many other newspapers.

. Q The other leak to which you referred, does that have anything to do with Central America?

. A Nothing at all.

. Q Iran?

. A No. It was the Eastern Airlines baggage handling cases.

. Q During the meeting of April 4th, did you take any notes while you were in the meeting?

. A No, I did not.

. Q Did Mr. Kellner?

. A I didn't notice if anyone else did.

. Q Or Mr. Feldman?

. A I don't know.

. Q Do you know whether or not this was a phone call that was received by Mr. Kellner's office or dialed by Mr. Kellner's office?

. A I don't know. When I came in, Mr. Kellner was on the phone.

. Q Do you know whether or not the Office of Professional Responsibility has any sort of investigation on this case?

. A I have no knowledge of that.

. Q When you told Mr. McGough that you periodically had checked with Jeff Feldman on the case, what was his general attitude in terms of its progress? Was he happy with its progress, was he dissatisfied?

. A It wasn't even that much of a response. I would run into him in the hall and say, ''Jeff, how is the Grand Jury thing going?'' He would say, ''Well, no Grand Jury yet,'' or, ''Still working on it,'' or, ''Working on something else at the moment.''

. This would just be passing, maybe one sentence each way.

. Q Was there ever an occasion when you ever retrieved any written materials from Mr. Feldman's office?

. A No.

. Q For any reason?

. A No, I don't think so.

. Q The investigator you spoke to Mr. Mattes about, is that Ralph Maestri, M-a-e-s-t-r-i?

. A Yes.

. Q Did Mr. Feldman ever indicate to you that he had done his own research on the Boland amendment after yours?

. A I knew he had been doing research. He didn't specifically say, ''I am looking at the Boland amendment,'' but I knew he had been doing research on the Neutrality Act.

. Q When you said Mr. Mattes discussed his trip to Central America, can you tell us what it is he told you?

. A He said, ''I have been down in Central America,'' and he had been identifying himself as an Assistant Federal Public Defender and that there was some kind of translation mistake so the word got up here that he was representing himself as an Assistant United States Attorney, and he tried to talk to people and certain people had threatened him--I don't remember the names--and he felt that he had done well to get out of the country.

. Q He was threatened in Costa Rica?

. A Yes. He felt that he had been threatened.

. Q Did he say it was by Americans in Costa Rica or by the Costa Rican people?

. A I think he did say, but I don't remember exactly what he said. And he was talking about John Hull and he was

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talking about stuff he had read in the papers and stuff he knew and stuff he thought he knew and speculating on who was involved in what.

He told me a little more about what his client had originally said, because I didn't know any of that.

Q Can you tell me what he said regarding the allegation that Mr. Feldman or the FBI had threatened him?

A He said that it wasn't really like that, that he had not felt as threatened as the newspaper article made it out to be. Because I had noticed when I read the newspaper article that they were talking about both John and Ralph Maestri, but they only quoted Ralph.

He said it was sort of not a real threat, but he definitely got the impression--I said that I didn't think Feldman would do that sort of thing. He said that wasn't the way it was in the paper, and some of the stuff had happened when the agents were there and Feldman wasn't.

Q So Mr. Mattes was in Costa Rica at the same time the FBI was?

A No, the FBI stuff happened in Miami.

Q I see. Okay.

The other person from the Senate Foreign Relations Committee, is that a man named Rosenblatt?

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3:30

. A I really don't remember his name.

. Q Do you recall if that was a particular subcommittee of the Foreign Relations Committee?

. A Could have been, but I don't really remember.

. Q Did you get any kind of cards from them?

. A No, I don't think so. I did remember Mr. McCall's name.

. Q Have you read any material from Senator Kerry's study of the Central American situation?

. A No, I haven't.

. Q Did Senator Kerry give you any particular guidance or instructions or ask you to get more information or anything along those lines?

. A No. He just told me that if it came to discussing this at any time, I should just tell the truth and be forthright.

. Q You said after you had considered or, I guess, had contacted a reporter in April of '86, there was a New York Times article that came out.

. A Yes.

. Q Can you recall what the New York Times article said?

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A Just generally that the U.S. Attorney's Office in Miami was investigating possible violations of Federal criminal law by the contras and I think they specifically mentioned the gun shipment. They had some detail, I think.

Q Did it appear as though the detail came from people who had been interviewed, or their attorneys, as opposed to an internal thing?

A I didn't--I don't know.

Q Was there any mention in that article of the case slowing down or being told to keep it quiet or anything like that?

A No, there was no mention of that, but that was just a mention that the investigation was indeed--that there was an investigation or an investigation had begun. So I didn't really expect to see anything about that.

Q Was there any discussion in your office after the New York Times article appeared?

A Not that I heard.

Q In terms of whom you spoke to at the main Department of Justice, you said you spoke to Mr. Boyd. What did he tell you?

A He just basically told me what the procedure was here. I don't think we really talked about much of anything. We didn't talk about anything substantive.

Q Did you discuss your appearance here today with anyone, other than Ms. Barnett, Mr. Feldman or the people at main Justice?

A Well, I mean, I told my family about it, in case my name came out, which it already did in the Washington Times last Friday somehow.

Q There was an article in the Washington Times?

A Yes.

Q On Friday?

A Yes.

Q Can you recall what it said?

A Well, I have only--I just got a copy of it this morning. I took a brief glimpse at it. Basically laying out my name and what I was going to say, that I was going--that I was called here. But aside from talking to my family and a friend or two, just telling them that, you know, if they saw my name in the paper, you know, not to worry--just a little warning--I don't think I have discussed it with anyone else.

Well, Mr. Mattes knows that I was going to be talking here.

Q The article in the Washington Times, was there anything in terms of what you were going to say that was incorrect?

A I didn't read it closely enough. I just skimmed it. I just got a copy of it this morning. I haven't had a chance.

Q Do you know who might have told the Washington Times about your deposition?

A No, I don't know.

MS. NAUGHTON: I think those are all my questions.

MR. BUCK: I guess I will start up, then.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BUCK:

Q What does a professional frisbee player do?

A At the time I was running frisbee contests and participating in frisbee golf tournaments and other kinds of frisbee enterprises for minor amounts of money, doing frisbee demonstrations like at shopping centers, for a pittance.

Q You are the first professional athlete I have deposed and I wanted to be sure I had that straight.

At this April 4th meeting you mentioned the phrases, ''Of course we will keep it quiet,'' and, ''go slow on the investigation,'' or something to that effect.

A Yes.

Q Why did you think that the main Justice was telling Mr. Kellner that?

A Well, I thought that the--that since there had been reports in the newspapers of denials from the Justice Department there was any investigation, that it could be--might want it to be kept quiet definitely so it wouldn't possibly affect the vote on the aid, and they wanted it to be kept quiet and go slow so it wouldn't be a political liability basically.

. Q For political reasons, then?

. A Yes.

. Q And you had already read denials in the newspapers--

. A I believe that I had, I had read denials.

. Q Let me finish the question.

. You had read denials in the newspapers about an investigation of the contras?

. A Yes, I believe that I had.

. Q And at that point in time that you read the denials, you didn't know of any investigation.

. A Right. I knew of none.

. Q Did it cross your mind that there may have been a national security purpose behind main Justice asking Mr. Kellner to keep it quiet or go slow on the investigation?

. A National security purpose? I am not sure I can define that term adequately in the sense in which it might have been used by the Department.

. I thought they might have, yes, considered it a national security purpose. Yet I had heard nothing, you know, either in what Mr. Kellner mentioned after the conversation, knowing what I had heard of the conversation.

were there any indications of that.

Q And let me get this straight about what you heard of the conversation. You were listening to it with half an ear while you were pulling some books.

A Or one ear, yes.

Q Half of your set of ears.

And, based on that, you determined that it was for political reasons that main Justice was asking Mr. Kellner to go slow?

A My surmise was that it was for political reasons.

Q Okay. Were there any--was there any other evidence, besides just the conversation that you overheard, that you surmised that?

A Well, the subject matter of the investigation itself, naturally, that led to that surmise.

Q You have also mentioned that Mr. Feldman was excited about what he found in Costa Rica.

A Yes, he was.

Q Do you remember what he found in Costa Rica that he was excited about?

A He thought he had, you know, evidence of all sorts of--he thought he had leads on all sorts of things involving CIA, I think, and I definitely know--I know the National Security Council was mentioned, and guns were coming in and the possibility of drugs and the possibility of assassination plots and all sorts of cloak and dagger things.

He was very excited about it all.

Q Okay.

Were you present at a sort of a presentation of evidence to Mr. Kellner?

A No, I was not. I was just getting brief references to things that apparently everyone had already talked about in detail earlier. So I didn't know the details of any of this stuff.

I just knew--the only specific thing, I knew that we had pretty good evidence there had been a shipment of weapons from Fort Lauderdale [redacted]

Q What do you know about Mr. Mattes' client, Mr. Garcia?

A I know absolutely nothing about Mr. Garcia, except apparently it was his statement that started the entire investigation.

Q Do you know of any previous cases involving Mr. Garcia?

A No, I don't know of any. I believe there have been some, but I don't know of any.

Q Do you know if Mr. Garcia is in jail now or has ever been in jail?

A I know his conviction is on appeal, but I don't know whether he is in jail. I assume he is in jail.

. Q So you know he was convicted of a crime?

. A Yes.

. Q What crime was he convicted of?

. A I don't know. I think it was something to do with weapons, illegal possession of weapons, because the Bureau of Alcohol, Tobacco and Firearms was involved. My office is right now responding to his appeal, but I am not working on the response.

. Q Mr. Garcia is the--strike that.

. Did you find it unusual that Mr. Garcia may have encouraged Mr. Mattes to look into this?

. A I don't find that unusual at all. It's been my experience in the Southern District of Florida that we have lots of defendants who claim that they were working for the agency and, more surprisingly, occasionally it is true.

. So it is not surprising to him to look into it, it is more surprising if it turned out to be true.

. Q And what agency did Mr. Garcia say he was working for?

. A I don't know.

. Q Mr. Mattes didn't tell you that?

. A He may have, but I don't really know.

. Q What was Mr. Mattes' purpose, then, in talking to you initially, or do you know?

. A I don't know. It could have been just a war story again. We trade a lot of them.

. Q And he followed it up?

. A I think he originally spoke to me about this guy who was getting railroaded because he was working, really working for somebody--I think this was in January or February. We were like riding exercise bicycles next to each other and I wasn't even listening.

. Q You said something about Mr. Garcia working for a Government agency?

. A Or working with, you know--yes. And I filed it in a category with so many others I had heard and didn't think about it at all.

. Q I think you also mentioned previously that you believed Washington--this was in reference to main Justice--was lying because there was an investigation going on of the contras, something to that effect.

. This is a later denial.

. A There was a denial, yes. I remember reading a denial--it may have been in early May--where they either denied the investigation was going on or they said the investigation was closed--I am not sure which--neither of which would have been true.

. Q What was the investigation of, if you remember? What investigation were they referring to or not referring to?

A I believe that they were referring to an investigation of violations of gun--the Arms Export Control Act, allegations that the contras were running drugs, allegations that the Government personnel were improperly involved in all of this stuff.

I think it was just like a one-inch thing in the New York Times that I read.

Q Were these investigations of the contras, the investigations that your office was performing, or were they related to American activities?

A I believe they involved both. I believe that there were contras involved with violating the Arms Export Control Act and also violating the Neutrality Act, and there was also the question of whether Government personnel were involved in violation of the Neutrality Act and the Boland amendment.

Q So there were actually contras in America involved in these; is that correct?

A Yes, in Miami, yes.

Q In the April 4 meeting you mentioned two things, one going slow on the investigation and the other about keeping it quiet.

Did you have a problem with both of those statements or was it more that you had a problem with going slow on an investigation?

A I had a problem--I had no reason to believe that we were going slow on the investigation. In fact, it was my impression that we were not. So I had no problem with that.

Q Did you have a problem with being told to go slow, I guess?

A I didn't think it was right. And then, you know, they can tell us whatever they want, but nevertheless it doesn't mean we are going to do it. I had more of a problem being told to keep it quiet, though of course I thought we would in general, when they were telling us to keep--it was my impression we had been told to keep it quiet so as to not catch them in false denials.

So that is why, once the fact that the investigation existed came out, I had no real problem with what was going on and I didn't really even think about it for a number of months.

Q What was the basis for your suspecting that main Justice leaked the DEA operation?

A That main Justice leaked the DEA operation? I am not sure it was main Justice necessarily. In fact, people suspected that it was the Vice President's Task Force because apparently the Vice President himself had made the announcement which was the actual leak.

Q Why did you believe that that was the case?

A Well, when the Vice President--I believe the Vice President was quoted as saying that the Nicaraguan--the Sandinistas were running cocaine into the United States. And when he said that the investigation wasn't finished and we still had people undercover, in fact, and we were not ready to close the investigation--so naturally I assumed that it had been, you know, leaked. That is what I call a leak.

Q You saw the story?

A I saw the story. We were--the story came out. My division was told to start working on the extradition for Jorge Ochoa and, in doing that, I started hearing from the people, talking to the people who were conducting the investigation, what had happened, and what they felt had happened, getting their affidavits prepared for the extradition.

MR. BUCK: I have no more questions.

MR. McGOUGH: I have a few more.

FURTHER EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Could you distinguish for me a little bit better between the January-February discussion you had about this with Mr. Mattes, about the Garcia case, and your August discussion?

At the time in January-February you had no independent knowledge of that case; is that right?

. A In January-February we were like just in the gym and he was telling me about some case he had, some defendant who was getting railroaded, he was really working for some agency. And I mean it is just a dim--I hear this sort of thing all the time from people.

. Q Do you recall whether he mentioned any NSC involvement?

. A Not really. I turned it off. I remember him mentioning it.

. Q And you didn't have any input into the conversation because you had no information about it.

. A No. I was just riding.

. Q Between the April 4th meeting and--I just want the record clear--between the April 4th meeting and January 1--January 1 of '87, do you recall any conversations with Kellner, Barnett or Gregorie about the Garcia case?

. A Between January 4--

. Q Between the April 4th meeting and January 1. I am picking January 1 arbitrarily to cut off before the--

. A I don't think so. I mean, Gregorie did mention to me, ''Be available to help Feldman if he needs legal research done,'' but nothing beyond that.

. I may have asked Gregorie the same question I would ask Feldman every so often, ''How is the investigation going?'' And he would say, ''It is going,'' or this and that--never anything substantive.

Q Let's go back to your telephone call to Ms. Shapiro and Mr. Hyatt.

I believe you said at that time that you were worried that the people in Washington were lying in saying that there was no investigation.

A Right.

Q And that that sparked your call. Is that right?

A Yes.

Q But that during that call you didn't make any mention of this telephone call you had overheard; is that right?

A No, I didn't.

Q If you were going to be offering charges or intimations against the people at main Justice, why didn't you mention the telephone call that you had overheard?

A Because I was deliberately being vague to start with, to see if anyone was interested. For all I knew, this information was already floating around. As it turned out, it was. So I just wanted to--

Q But a piece of information that clearly wasn't floating around was this telephone call that you had overheard.

A Right. I didn't--which I didn't know. I might have told them about it had I gone further. But it just didn't go any further.

. Q And you didn't push it further or attempt to push that out into the conversation?

. A No, because what really bothered me at the time was the fact that it was being kept quiet. I didn't think that we were--that my office was going to be delaying the investigation in any way. As we sit here, I have no reason to believe that we have delayed the investigation in any way.

. Q But just so we are clear on this, you were disturbed by the Department of Justice supposedly making this request of your office?

. A Right.

. Q And a few days later you were speaking to a reporter with an idea, at least, of offering information about that case?

. A Right.

. Q That was less than flattering about the Department of Justice.

. A Right.

. Q Yet you didn't volunteer anything about this telephone call that you had overheard?

. A Well, that was all--you know, that would be everything I had to volunteer really.

. Q You didn't mention that to them?

. A No.

. Q No?

. A No, I don't think I did.

. Q Prior to joining the Federal Government, were you politically active at all?

. A Not really. I worked in a campaign in 1972--'76, excuse me.

. Q What campaign?

. A The Fred Harris Democratic primary in New Hampshire.

. Q Were there any other formal political activities that you can recall?

. A Formal political activities?

. Q As far as connections with campaigns.

. A In 1972 I did work for a minor party Congressional campaign in New Jersey.

. Q What was the minor party?

. A I think it was the Peoples Party, a guy named Jim [illegible] ~~Clemasky~~ or something.

. Q Okay.

. A That is about as far as I did go. I haven't really been that active.

. Q Let me finish up and then go back to the key meeting, which is the April 4 meeting.

. Obviously what you made is a fairly serious charge about information that was conveyed from main Justice to your office. I want to kind of run down just a series of aspects of it.

You said you were listening to it with just one ear--

A Right.

Q --as you were doing other things, and that you only heard one side of the conversation and then you heard what Mr. Kellner said--

A Definitely.

Q --afterwards.

A Yes.

Q You were aware that Mr. Kellner denies that there were any such requests made to him by the Department of Justice?

A Yes.

Q Is it possible that what you overheard was a request by the Department of Justice to keep them posted, as opposed to a request to go slow?

A No. I don't recall that at all.

Q In other words, you are confident enough with what you heard and saw that you would, in your mind--it is not consistent with what you heard and saw that the Department of Justice could have said keep us posted on what is going on, as opposed to go slow.

A They could have said that as well, but that is not an ''instead of.''

Q I realize they are not inconsistent, but I am suggesting that in your own mind you are sure that it was ''go slow'' and not as a substitute, ''Keep us posted''?

A ''Go slow'' is a paraphrase, but something to that effect.

Q But it wasn't just to ''keep us posted''?

A No.

Q One other question. When you--what is the procedure in your office as far as checking in and checking out? Do you sign in in the morning, does someone sign you out at night?

A No.

Q Is there any control--do receptionists keep track of who is in or out?

A No.

Q Any log book or anything?

A Not in my division. I don't think in any division.

Q How about in the division that would have Mr. Feldman, Ms. Barnett, Mr. Gregorie, Mr. Sharf?

A Not as far as I know. I think Feldman was in Major Crimes then, and in fact I don't think in any division of the office do people sign in or sign out.

MR. McGOUGH: That is all I have.

MS. NAUGHTON: I have a couple more.

FURTHER EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Are you still in the appellate section?

A Yes, I am.

Q Do you still enjoy it?

A Yes, very much.

Q Do you have any plans to leave in the immediate future or near future?

A No.

Q So we can get ahold of you for post-questioning at the U.S. Attorney's Office?

A Yes. I just bought a ticket to the NBA team that is coming in in October of '88, so I should be there at least until the end of the season.

Q Okay.

I have one more question regarding the civil suit that was referred to as the Honey civil suit, who was the plaintiff in the matter that Mr. Mattes spoke about. Have you read anything about that suit?

A I think some people are suing a lot of folks in Miami like because they say that the CIA tried to blow up Eden Pastora, but I don't really know much about it. I do know it just survived a motion for dismissal within the last month or two in Miami District Court.

Q When were you first made aware of this suit?

A I think when I spoke to John Mattes about why my name--not my name, but why what I had said appeared in some article, and he--I am not sure whether these people were mentioned in the article or John said, well, you know, I had told someone who told them, or I told them and they had said they wouldn't tell anybody but they did.

Q Okay.

A I don't really know anything about the suit.

Q Have you ever met any of the plaintiffs?

A I don't know who--not to my knowledge. I don't know who the plaintiffs are.

Q Have you ever spoken to any reporters from Time magazine?

A Reporters from Time magazine?

Q Yes.

A No, I haven't.

Q Newsweek?

A No.

Q U.S. News & World Report?

A No.

Q And I gather you have never spoken to any reporters from the Washington Times?

A Never.

MS. NAUGHTON: That is all.

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MR. McGOUGH: Thank you.

MS. NAUGHTON: That concludes the deposition. Thank you very much.

[Whereupon, at 3:55 p.m. the deposition was concluded.]

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

Partially Declassified/Released on 12-30-87
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RPTS BOYUM

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DEPOSITION OF ROBERT H. LILAC

Tuesday, February 10, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The select committee met, pursuant to call, at 11:00 a.m., in Room B-336, Rayburn House Office Building, Charles Tiefer, Special Deputy Chief Counsel to the Select Committee, presiding.

Partially Declassified/Released on 12-30-87
under provisions of E.O. 12356
by N. Menan, National Security Council

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Whereupon, ROBERT H. LILAC, after having been first duly sworn, was called as a witness and testified as follows:

EXAMINATION

BY MR. TIEFER:

Q My name is Charles Tiefer. I am Special Deputy Chief Counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran.

Mr. Lilac, you have been sworn. You understand the significance of the oath you have taken?

A I do.

Q You understand that your testimony is under penalty of perjury?

A I do.

Q Could you give a summary statement of your background, where you went after you graduated and what you did, the various jobs without bogging down early on here, but to get up to your Air Force career and ultimately to the NSC.

A Okay.

I graduated from a college and entered the Air Force in October 1958 and went into pilot training shortly after that. I was an Air Force pilot for 20-plus years in the United States Air Force, test pilot, and did some--had various assignments around the world, Vietnam, as well as

England, and in 1975 in Saudi Arabia which are my overseas assignments.

I came to the Pentagon in 1979 as the Chief of the Saudi Management Division managing foreign military sales programs of the U.S. Air Force with Saudi Arabia.

I stayed there until early 1982, and moved over to the National Security Council working the area of foreign assistance budget and security assistance programs.

I retired, my last day at the NSC was the last day of 1983 and my retirement from the Air Force effective 1 January 1984. At that time I went in the private sector and formed my consulting company, Lilac Associates, a business with major U.S. aerospace companies doing business in the Middle East and some other places around the world, as well as doing consulting work in aviation and communications matters for the Saudi Embassy.

Q You brought a number of documents here pursuant to subpoena.

A I did.

MR. TIEFER: Let's have them marked as exhibits. I will show them to you one by one and if you would identify them briefly. I don't think we will dwell at any great length on any of them in particular.

I show you a document that appears to be a Xerox of a passport and I ask you if you can identify it.

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THE WITNESS: Yes, this is my passport requested in accordance with the subpoena.

MR. TIEFER: If you would make this as Exhibit 1.

[The following document was marked as Exhibit RHL-1 for identification:]

******** INSERT 1-1 ********

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MR. TIEFER: Actually to make a useful record, if Mr. Gale is agreeable, I would not want to take his copy of the deposition subpoena away from you. I will later on attach a copy of the subpoena at a certain point.

MR. GALE: No problem.

BY MR. TIEFER:

Q But can you identify this document which has the word ''Subpoena for Deposition'' in the upper right corner?

A Yes, this is the subpoena that was given to me requesting my appearance and bringing some documents here today.

Q You have examined this subpoena.

A Yes, I have.

Q You have provided all the documents covered by it?

A Yes, sir, in consonance with counsel's discussion with you.

MR. TIEFER: We will obtain a Xerox copy of that subpoena and it will be marked as RHL-2.

[The following document was marked as Exhibit RHL-2 for identification:]

******** COMMITTEE INSERT ********

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BY MR. TIEFER:

Q I show you a letter dated February 6th, signed by James Gale, and ask you if you can identify that.

A Yes, this is a letter signed by Mr. Gale to you, identifying the documents provided in making a request on confidentiality of records.

MR. TIEFER: We will attach this as RHL-3.

[The following document was marked as Exhibit RHL-3 for identification:]

******** INSERT 1-2 ********

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BY MR. TIEFER:

Q I show you six documents, each of which consists of a large number of pages stapled together that appear to be calendars and ask if you could briefly describe each one.

We will identify them all collectively as one exhibit. From top to bottom.

A The first one is my appointment calendar for 1984. The second one is my pocket appointment calendar for 1985. The third is my pocket calendar for 1986. The next three are 1984, 1985, and 1986, my desk calendars.

Q I see you have rearranged them somewhat but will it be possible to identify from the years on the calendar what years they are for?

A I think that they--they will, yes, if not I will be glad to make an annotation on here. I have them in 1985, 1986, and this is--

Q Let's stop there. If you would write the year on each one.

A Yes, let's clarify that. I had that I thought but on this one it appears to be missing. This is 1985, 1986, 1984.

Q Rather than explain, I see the year is written in each of the ones that you are putting aside.

A Now, yes, sir, they are identified in the proper order with the years.

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MR. TIEFER: Let's mark them all as RHL-4.

[The following documents were marked as Exhibits RHL-4 for identification:]

******** INSERT 1-3 ********

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MR. TIEFER: Off the record for a second.

[Discussion off the record.]

MR. TIEFER: Let's go back on the record.

BY MR. TIEFER:

Q I show you a stack of short documents, each of which consists of several pages stapled together. The top one appears to be a Senate subpoena and I ask you if you can identify this stack of documents.

A Yes, the top documents is the subpoena from the Senate Intelligence Committee requesting documents. The remaining pieces of paper, one a letter that we responded to the Senate with, identifying the documents. The remainder are the documents that we presented in response to the Senate subpoena.

Q And if I can ask you about the bottom document in the stack--in fact why don't we take the stack of all the documents except for the bottom one and mark that as exhibit, collectively as Exhibit 5.

[The following documents were marked as Exhibit RHL-5 for identification:]

******** INSERT 1-4 ********

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BY MR. TIEFER:

Q And I show you the document which was at the bottom of the previous stack which was produced as you say pursuant to the subpoena from the Senate which has the words ''Promissory Note'' on it and ask you if you can identify that document?

A Yes. The previous documents were all related to purchase of a Maule aircraft. This document is in fact the note that myself and three other individuals took out to pay for the aircraft. This is a $60,000 note that was paid off in August of 1985. The remainder that was paid out.

MR. TIEFER: Let's mark this as Exhibit 6.

[The following document was marked as Exhibit RHL-6 for identification:]

******** INSERT 1-5 ********

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BY MR. TIEFER:

Q I show you another set of documents, each consisting of several pages stapled together, the top one of which is addressed to Mr. Robert Lilac, and it is on stationary with the letters STTGI at the top and ask you if you can identify this stack of documents.

A Yes. These documents are as requested by the subpoena, any association I had with Stanford Technology or Richard Secord, and this is a letter contract, contract and three invoices for trips that I made in relation to a consulting contract I had with Stanford Technology Trading Group International.

MR. TIEFER: Let's mark this as Exhibit 7.

[The following documents were marked as Exhibit RHL-7 for identification:]

******** INSERT 1-6 ********

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BY MR. TIEFER:

Q Is my understanding correct that if we take Exhibits 1 through 7 and put aside the subpoena from the House itself and the letter of your counsel, that all the other documents, all the other exhibits that have been identified consist of all the documents you are producing in response to the subpoena?

A Yes, in response to the subpoena as clarified by between you and my counsel.

Q And the clarification you are referring to is the letter from Mr. Gale?

A The letter as well as the fact that you just wanted my telephone numbers and bank accounts.

Q Good point.

I show you a document that says at the top ''Subpoena Dated January 20, 1987-Attachment A'' and ask if you can identify that?

A Yes, this is in response to your paragraph 4 of Attachment A to the subpoena in which it asks for my bank accounts, and telephone numbers used by me and in clarification, that was clarified both with myself and personally and my company, Lilac Associates.

MR. TIEFER: Let's mark that as Exhibit 8.

[The following documents were marked as Exhibit RHL-8 for identification:]

******** INSERT 1-7 ********

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BY MR. TIEFER:

Q And to ask the question again that I asked before, now that we take Exhibits 1 through 8 collectively leaving aside the House subpoena itself and Mr. Gale's letter itself, do they represent all the documents that you have produced in response to the subpoena?

A Yes, as I stated, in clarification to the--basically in response to the subpoena as clarified between my discussions with yourself and you asked for copies of all the documents we provided to the Senate Intelligence Committee. Can we take a break?

MR. GALE: Can we go off the record a second?

MR. TIEFER: Off the record.

[Discussion off the record.]

BY MR. TIEFER:

Q I show you a document with the heading ''Articles of Incorporation'' at the top and ask you if you can identify it.

A Yes, this is a copy that I have of the Articles of Incorporation of American Marketing and Consulting, which was the company that the individuals and I had bought the Maule aircraft from to put the airplane in.

MR. TIEFER: This will be marked as Exhibit 9.

[The following document was marked as Exhibit RHL-9 for identification:]

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******** INSERT 1-8 ********

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BY MR. TIEFER:

Q Do Exhibits 1 through 9, putting aside the House subpoena and Mr. Gale's letter, represent all the documents you are producing in response to the subpoena?

A Yes.

Q And they satisfy everything in the subpoena with the clarifications of Mr. Gale's letter, is that correct?

A Yes, as I understand it.

Mr. Gale and the--the only one that--yes, as clarified about the bank accounts and telephone numbers that you wanted my personal and business, yes. It does.

Q I show you a letter, I show you a document the top page of which appears to be a letter of January 29, 1987 to Robert H. Lilac and ask if you can identify this document, the second page appears to be a subpoena addressed to Robert H. Lilac.

A Yes, this is a letter to me from the Office of Independent Counsel, Judge Walsh, signed by Randy Bellows, that is in fact a subpoena for documents in relation to the matter we are talking about.

MR. TIEFER: Let's mark this as Exhibit 10.

[The following document was marked as Exhibit RHL-10 for identification:]

******** INSERT 1-9 ********

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BY MR. TIEFER:

Q And I show you a similar letter and the second page of which also appears to be a subpoena, except it seems to be a subpoena addressed to Robert H. Lilac on behalf of American Marketing and Consulting Company and Lilac Associates, and ask you if you can identify that?

A Yes, this is again a letter from the independent counsel, Judge Walsh, signed by Randy Bellows asking for the same materials but in relation to American Marketing Consulting, the company that he formed that bought that Maule aircraft that we talked about previously and Lilac Associates, just my own company, consulting company.

MR. TIEFER: Let's mark that as Exhibit 11.

[The following document was marked as Exhibit RHL-11 for identification:]

******** INSERT 1-10 ********

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. BY MR. TIEFER:

. Q Mr. Lilac, you have stated that at a certain point you worked for the NSC. Did you know Oliver North before you worked for the NSC?

. A Yes, I did. I met him in 1981, I am not sure of the exact date, when Oliver North was at the NSC and in relation to the briefings that we were providing associated with the sale of the AWACs to Saudi Arabia. Oliver North was an NSC staffer who had responsibilities for scheduling our briefings. That was my knowledge with him at that time.

. Q Before you went on to the NSC, did you know Oliver North in any context other than in connection with the AWACs sale?

. A No. I did not.

. Q Once you went to the NSC did you know Oliver North there?

. A Yes, I did.

. Q And in what context?

. A We were colleagues, we were staff members of the NSC staff at the same time. Initially we didn't work in the same organization, but in a subsequent reorganization we worked in the same division, the political-military division of the NSC.

. Q And what were the projects that you might have worked together on in one way or another?

A We really didn't have any projects per se that we worked on. I had responsibilities for the foreign aid budget, so as I was coordinating NSC staff members' inputs associated with pieces of the budget as it applied to regions around the world, associated with Central America, I particularly recall on El Salvador, foreign aid for El Salvador interface with Oliver North on that. Really no other interface with him that I recall.

THE WITNESS: With the staff I had since I was a senior ranking military officer to Oliver North, my boss sometimes had me responsible for administrative management of the NSC.

MR. TIEFER: Let's go off the record.

[Discussion off the record.]

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MR. TIEFER: Back on the record.

BY MR. TIEFER:

Q I will note for the record that because of the ringing of the telephone we occasionally go on and off the record here.

Go ahead.

A For administrative matters such as personnel administration, secretarial, overtime and office equipment, things like that, the administrative things I had interface with Ollie in that regard, and we were colleagues on a day-to-day basis, we were there in the offices, my office wasn't in the same physical location as his but I saw him not quite daily but I saw him quite often.

Q And without getting into a lot of details about who did what, did you know what secretaries or other clerical people assisted Oliver North?

A Yes. The primary secretary working with Oliver North was Fawn Hall. When Fawn wasn't available there were three secretaries located in the same physical office and handled phones and sometimes some paperwork.

Q Who were the others?

A I don't recall those names.

Q And do you know professional people who worked, non-clerical people who worked with Oliver North?

. A Yes, there were several people who worked with Oliver North and other parts of the NSC staff.

. Q Can you name some of them?

. A The only ones that I recall were Roger Fountain, who was at the NSC at that time; and then at a later time Constantine ~~Minkus~~ Menges. Those are the only two that I recall. There were approximately, roughly 40 people on the NSC, professional members on the NSC at that time and I don't recall all those names.

. There is one additional name, of course, and that was Oliver North's direct supervisor, Don Fortier.

. Q As I have informed you we may come back at a later point and ask you further questions about the NSC period.

. After you left the NSC you formed Lilac Associates?

. A That is correct.

. Q And what was the purpose of Lilac Associates?

. A After I retired I wanted to form--wanted to go into the consulting business and formed Lilac Associates as a management consulting firm, and doing consulting work with firms primarily doing business in the Middle East because my experience was primarily in Saudi Arabia and the Middle East in security assistance.

. Q Do you still do consulting work through Lilac Associates?

. A Yes, I do. It is my only company.

. Q Did you know Richard Secord when you were in the Air Force?

. A Yes, I first met Richard Secord in 1979 when I came to the Pentagon and he was my direct supervisor. He managed Air Force International programs.

. Q Let me verify that, you did not know him in Southeast Asia?

. A I did not know him any time previous to that.

. Q Please go ahead.

. A I first met him in 1979 and came to work for him managing Saudi programs with the United States Air Force and I have known him since 1979.

. Q If we could go through the various steps of Richard Secord's career from 1979 on, and how at each point you either knew him and worked with him or didn't know him and didn't work with him starting in 1979. I gather that you started knowing him after he left Iran? Had you known he had been in Iran prior to your knowing?

. A Prior to knowing him, no, I didn't. After I went to work for him in 1979 I knew that a previous assignment he had was in Iran.

. Q Okay, but you had not known him while he was in Iran.

. A No, sir, I did not.

. Q The work he was doing when you first knew him was, if you could recall.

. A He was Director of Air Force International programs, which meant primarily responsibility for foreign military sales programs around the world for the United States Air Force.

. Q And your relation to him while he was doing that was what?

. A I was a division chief underneath him. He was my direct boss and I managed foreign military sales programs to Saudi Arabia.

. Q Do you know what he did after he left that post?

. A Yes, while I still was in that job in the, not exactly sure when he moved but either the end of 1980 or beginning of 1981 he moved into the office of Secretary of Defense, International Security Affairs, to be Deputy Assistant Secretary for Near East and South Asia.

. Q Did you deal with him while he was in that post?

. A Yes, I did. During 1981 I had a lot of interface with him in relation to the sale of the AWACs to Saudi Arabia.

. Q And where did he go ~~off~~ after the Office of the Secretary of Defense?

. A I am not sure when he retired but I believe that he retired in 1983 from that job.

. Q After the sale of the AWACs, and you had moved into the NSC so that there was a period of time when you were at the NSC and he continued to be in the Office of the Secretary of Defense, did you have any interaction with him while you were in that post and he was in that post?

. A While he was in that post we had some interface associated with the foreign military sales cases that were discussed in the interagency arena associated with the part of the world that he was responsible for.

. We also had some interface with he and his staff in relation to the buildup of the foreign aid budget that the President submitted to the Congress each year.

. Q And what were the parts of the world that you had as you put it interface on in connection with foreign military sales, arms sales?

. A I was the integration point at the NSC. When there were foreign military sales that were going to be notified to the Congress in accordance with the Arms Export Control Act, in most cases those notifications came to me and just as a coordinator of the interagency process and I would take them to the regional people on the NSC staff and coordinate with them associated with the papers that were submitted in accordance with the pending notification to Congress.

But these were arms export control notifications, things like 36Bs and 36Cs, under the Export Control Act.

. Q Which of them did you deal with Richard Secord on?

A It is hard to recall the specifics. I do recall one was F-16 sale to Israel and there were two or three notifications associated with Saudi Arabia and Egypt, but I cannot recall anything more specific than that.

Q Now, who left--do you know who left the government first, you or Secord?

A General Secord retired in 1983 in the middle sometime. I left at the end of 1983.

Q During the period while you were still in the NSC and Secord had left the government, did you have any interaction with him?

A No. I may have seen him once or twice socially but I had no substantive interaction with him.

Q When you would see him socially, either at that point or at a later point, was it among a circle of friends or just you and him alone?

A No, in most cases it was with a circle of friends. He came to my house one time for a party that I had.

Q Can you name any of the people involved who would have been friends of his--I am not interested in the people who were friends of yours who I have no reason to believe knew him.

A Well, there are several friends of his that are mutual friends of ours. Would you be interested in those?

Q Yes.

. A Jim Aumin, retired Air Force General now works for Northrop Corporation. He is the only one that pops into my mind immediately.

. Q That is your only mutual friend.

. A Well, I think that we have several other mutual friends. I am trying to think if we ever got together socially with other mutual friends.

. Q Apart from those you would have gotten together with, you cannot remember the names of any of your other mutual friends.

. A You mean that we got together.

. Q Yes.

. A Mutual friends that we have, yes, Howard Fish; Dave Burney; Keith Phillips; that is basically it. I could probably--taking more time I could probably think of more mutual friends that we have but those are the only ones that pop into my mind right now.

. Q Can you name any people who you know of who would be friends of Richard Secord's but might not be friends of yours?

. A I don't know. It is hard to speculate. There are some people that over the years he has probably known in the Air Force that I know that I would guess would be friends of his like a couple of his former bosses at the NSC, not the NSC, OSD, like Richard Armitage, now Assistant Secretary, of

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course. Noel ~~[illegible]~~ Koch. It is just difficult to--

. Q Any others?

. A Not that I can recall right now. It is hard to pull names out of the memory bank.

. Q To go back, you mentioned a Mr. ~~Ammen~~ umin at Northrop, what is his first name?

. A Jim.

. Q Do you know geographically what city he is in?

. A Yes, he lives in McLean. He is here in Washington.

. Q Do you know what city Howard Fish is in?

. A No, he is in the Washington area but I don't know what city he is in.

. Q And what company does he work for?

. A Fish works for LTV.

. Q Do you know what city Dave Burney is in?

. A Dave lives in Virginia, in Fairfax.

. Q And what company he works for?

. A He has his own consulting company.

. Q What is the name of that?

. A I am not sure. I think it is Burney Associates. Dave is one of the gentlemen who bought the airplane with us.

. Q What city is Keith Phillips in currently?

. A Keith lives in Saudi Arabia.

. Q He is an American?

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. A American, yes.

. Q Does he have an American residence that you know of?

. A No, I cannot remember whether his residence is in Florida or in Virginia?

. Q If you were going to try to reach him in this country, is there a way you would do it or would you get in touch with him in Saudi Arabia?

. A No, I would get in touch with him in Saudi Arabia.

. Q Can you say how? Perhaps you have an address book with you or do you remember off the top of your head how you would get in touch with him?

. A I have a phone number. I have his phone number in Riad just like there are hundreds of U.S. businessmen in Saudi Arabia and Keith is one of them.

. Q You don't have his phone number in Riad with you?

. A Yes, I do. Would you like the phone number.

. Q If you would.

. A In Riad it is [redacted]

. Q And what city is Noel ~~[illegible]~~ Koch in?

. A I don't know. He used to work at OSD so I assume he is in the Washington area.

. Q Do you know whether he still works for the government?

. A No, I don't think he does. I think that he--I read somewhere in the paper that he left the government within the last few months. I don't know exactly when. He was the Deputy Assistant Secretary under Armitage.

. Q Picking up your recounting of Richard Secord, after he had left the government in 1983 and after you had left the government in 1983, did you have any inter~~agency~~action with him?

. A Yes, I retired January 1, 1984 and after I retired General Secord approached me and asked me to, if I would consider doing some consulting work with his company, Stanford Technology Trading Group, Inc., or International, and associated with a shelter project and building shelter doors for hardened aircraft shelters. He was pursuing with a company called Marwais Steel. He was pursuing, trying to bid on a contract in Abu Dhabi and also a project in Saudi Arabia. He asked me to assist him.

In mid-1984 I signed a consulting contract with Secord and I made one trip to Abu Dhabi and several trips to Saudi Arabia associated with that. It was in conjunction with other trips that I made for other clients, but while there I attended briefings and assisted him in giving briefings to people in Saudi Arabia. We were going to do the same thing in Abu Dhabi, we went to Abu Dhabi and the briefing was cancelled. So that was my business relationship with General Secord in 1984.

The contract ended at the end of 1984. General Secord asked me if I could continue to perhaps while I made trips to Saudi Arabia on other business, continue to assist him and if we were able to achieve a contract as far as the company he was working with, Marwais, I would receive a success fee for assisting him in that project as a consultant.

. Q And you agreed.

. A I agreed, yes. And that--he gave me a letter stating that in 1985 and that expired, didn't do any work on it in 1986 at all but the letter itself just expired. It was from May of 1985 to May of 1986.

. Q While you were working with Richard Secord on this, did he have any partner in the matter?

. A Yes, he did. Albert Hakim. I met Albert Hakim with General Secord and I met him on two or three instances. Met him once when we were on our trip to Abu Dhabi when we were preparing to give a briefing about the shelter capability that the company he was working with offered. I probably saw Albert, as I said, two or three times associated with that. I don't think I have seen Albert in the last year.

. Q Where were the two or three times that you met Albert Hakim in association with the project you just described?

. A Once in 1984 in Albert's offices in California, Stanford Technology; once in Abu Dhabi associated with the briefings we were going to give the shelter project, and then on one occasion, perhaps two, I am not sure, in General Secord's offices here in Virginia.

. Q When you met with Hakim in California, was it in San Francisco or San Jose?

. A I believe it was San Jose. I don't recall the address. San Jose or San Mateo, I am not exactly sure of the address. But it was at his offices in that part--it was not in San Francisco.

. Q Did you understand the relationship between Stanford Technology Corporation and Stanford Technology Trading Group International?

. A No, I don't. I mean I don't understand the basics. When General Secord asked me to do some work with STTGI, he sort of described it that Stanford Technology was a basic systems house and STTGI was a subset of that, of which he was the President, that he formed with Hakim in order to explore other opportunities such as the hardened shelter project that I worked with him on.

. Q Did you know any other companies related to Stanford Technology Corporation or STTGI?

. A No, I do not.

. Q Did you know anyone working with or for Secord on

Stanford Technology-related matters other than Hakim?

. A Other than two secretaries, I only recall the first name on one, Shirley, the other one I don't remember. And that was it.

. One time I was asked recently, as a matter of fact by the Senate Intelligence Committee if I knew Robert Dutton, and I don't know--I met Robert Dutton when he was a Colonel in the Air Force and one time when I called General Secord's office sometime within the last year, last fall sometime, Robert Dutton answered the phone and I didn't know that he was working with him but after the fact his name has been in the newspapers and stuff, and he answered the phone as General Secord's office.

. I have never seen him since that time--I have never seen him since I saw him one time in the United States Air Force several years ago.

. Q What was the context in the Air Force in which you saw Robert Dutton?

. A I met him in General Secord's office one time when I was running Saudi Division, General Secord had Air Force International Programs. He was just visiting General Secord's office. As I recall, [redacted] since someone else asked me the question, at that time I believe he was assigned to Military Airlift Command in Illinois, Scott Air Force Base.

You mentioned Dutton.

MR. TIEFER: Let's go off the record.

[Discussion off the record.]

MR. TIEFER: Back on the record.

BY MR. TIEFER:

Q In what Air Force context did you know Robert Dutton?

A I met Robert Dutton one time in General Secord's office when he was visiting the Pentagon. At that time I believe he was assigned to Military Airlift Command at Scott Air Force Base.

Q What was his relation to Secord?

A He was just a friend of his. I don't know whether he had ever worked for him before or not. But he just introduced him, here's Robert Dutton, an old friend of mine. That is all.

Q Do you know of military air contracts called Log Trans and Quick Trans? Do those names mean anything to you?

A No.

Q Do you know anything about Southern Air Transport other than what you read in the press?

A No.

Q As you understood Richard Secord's responsibilities, did they have anything to do with the Military Air Command, MAC, the office that you said Robert

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Dutton was working with?

. A The only interface with Military Airlift Command might have been as an ancillary thing. The Military Airlift Command sometimes was used to effect deliveries of the foreign military sales products, but General Secord would not have had direct responsibilities for that. That would have been through the Air Force Logistics Command or Air Force Systems Command, the procuring agencies.

. No, General Secord just introduced Dutton to me as a friend and I believe that he had known him prior to that time. I don't think he was there in an official capacity.

. Q You mentioned in addition that there were two secretaries that might have worked for Secord that you knew?

. A I knew them only because they answered the phone and I saw them when I walked in.

. Q And you recall the names of either?

. A I just recall the first name of one of them, Shirley. The other one, I don't recall.

. Q If I told you that there is a person in the world named Shirley Napier, N-a-p-i-e-r, does that refresh your recollection in any way?

. A No. I don't recognize the last name.

. Q Did you have any sense as to what the two secretaries did in Secord's office other than answer the phone?

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. A Other than answer the phone and probably pay the invoices that I sent to them for the trips that I made, three trips I made, I think there were four, three invoices though, but no, I would have no knowledge of what they did.

. Q And apart from those two secretaries, the mention you have made of Robert Dutton and Albert Hakim, you know no one else who worked for or with Richard Secord?

. A There was one other gentleman that was in his office when I went there on a couple of occasions, but he--I don't recall his name and he wasn't--I don't think he worked for Stanford Technology. Seems like he had some other association with the waste-steel company they were working with on the shelter project. But I don't recall his name.

. Q Is that an American company?

. A Marwais, yes. Marwais Steel is an American company and I don't have any--they are in the San Francisco area and they have a factory in Luxemburg for building steel specifically for shelters.

. Q Do you know anyone in that particular company who was the contact with Richard Secord?

. A Yes, Marshall Wais Jr. because I met him in association with the shelter projects on two occasions.

. Q Do you know which city Marshall Wais is in?

. A I met him in Paris. He had an apartment in Paris.

. Q Is he an American?

. A Yes, as I recall he is an American.

. Q Do you have any idea where in the United States he could be found?

. A Probably through Marwais Company in the San Francisco area.

. Q You don't have a phone number or address for him?

. A No, I don't think I do.

. No, I don't. Sorry. Wait a minute. Yes, I show a phone number listed here for Wais but I don't know where it is at, I don't know whether it is in Paris or San Francisco.

. Q What is the phone number?

. A Office phone number is 723-5533.

. Q You described briefly the people, some of the people you knew at the NSC staff. While you were working for the NSC staff, did you know any people on the Vice President's National Security staff?

. A While I was on the NSC staff I knew Don Gregg was a--a colleague, a fellow staff member, and while I was there at the NSC staff, Don moved over to the Vice President's staff. While I later worked at the NSC, we have very little interface with the Vice President's staff. On probably one or two occasions a gentleman by the name of Hughes, I think it was Phil~~l~~ip Hughes would have attended one of the foreign aid budget meetings that we had or we may have had a meeting and talked to him about the foreign aid budget we were submitting. That is the only other one that I recall while I was on the NSC staff.

Q And have you ever met a Douglas Menarchik?

A Menarchik, yes, I met him at a social occasion I went to, a movie that the Vice President invited several people to, 40-45 people, and Menarchik was there. I think I had previously met him but I don't recall where. It would have still been associated with the Vice President's staff.

[redacted]

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[redacted]

Q Now, rather than my asking some very narrow questions, can you describe your knowledge on the subject of [redacted] making, giving assistance to the contras or being asked to give assistance to the contras?

A Sure. I have no knowledge at all of [redacted] giving any assistance to the contras. Being asked to give assistance to the contras, I have no knowledge of [redacted] being asked to give assistance.

. One time in 1985, I think it was, General Secord said to me that he would like to talk to [redacted] to see if [redacted] might recognize the plight of the contras and provide them some assistance and I at that time said, well, gees, you know, I don't see where that is in [redacted] [redacted] interests at all.

. But he said, well, I just need to talk [redacted]. So some time later on after time passed, I told [redacted] [redacted] that General Secord wanted to talk to him.

. What about?

. [redacted] told me in no uncertain terms that that was ridiculous.

[redacted]

[redacted]

And to my knowledg[redacted] did not see General Secord.

Q I thank you.

Do you know anything else about Richard Secord seeking assistance for the contras other than that particular episode?

A No, I don't.

Q By the way, when did you first know that there had been American dealings with Iran concerning arms? Did you first learn about it from the press or had you known about it in any context previously?

A I had not known about it in any context. I learned about it when it was announced and I don't recall exactly the press sequence of things, but I never knew about it before then.

Q And what you are saying is when it came out in the press, it came as a complete surprise to you?

A It came as a complete surprise to me, and I was personally shocked.

Q And you had had no idea that Richard Secord might be involved in any American arms dealings with Iran?

A Not at all.

MR. TIEFER: Let's go off the record here.

[Discussion off the record.]

MR. TIEFER: Back on the record.

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BY MR. TIEFER:

[redacted]

Q Have you talked to [redacted] about [redacted]

A Only the kind of things that pop up in the press and stuff. He is informally in a social session. He has seen my name in the paper a couple times and we have chatted about that. We chatted about that situation. In those

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chats he appears to be of the same opinion that I am that there is no [redacted] involvement, certainly no [redacted] involvement in the Iran thing and no [redacted] involvement he knew of, at least he expressed this to me, in the contra situation.

. Q That is a useful way for me to ask. What is your opinion of the [redacted] involvement or lack of involvement in the Iranian arms dealings with his country?

. A This is now my personal opinion and I will give you my personal expression of shock. [redacted]

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[redacted]

. **Q Have you ever met Adnan Khashoggi?**

. A No, I have not.

. Q And do you have any knowledge concerning his possible involvement in the Iran arms sales?

. A Only what has been in the press and interviews that he has had on T.V. with Barbara Walters. That is the only time I have seen him.

. Q Other than what you have found out from the press or television, you have no knowledge of Adnan Khashoggi's possible involvement in the Iran arms sale?

. A That is correct. I have no knowledge.

. Q Do you know what Khashoggi's relation is to King Fahd?

. A No, I do not.

. Q If I could run quickly through a list of names that you have previously seen because they were on the attachment to the subpoena to you, and ask you whether apart from what

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you have read in the press or otherwise heard from the media, whether you know these people.

. I am not going to go into a lot of depth. Some of them you quite obviously will have known because of where you worked; some of them you may never have heard of, however.

. A Sure.

. Q Do you know of Robert McFarlane?

. A Yes, Bud was the Deputy and then the National Security Advisor. So while I was at NSC, yes, I do.

. Q You worked with him.

. A Yes.

. Q Since you have left the NSC, have you dealt with him?

. A I have not had any dealings with him. I have seen him probably on two occasions socially. That is all.

. Q John Poindexter.

. A Yes. Again, the same. Admiral Poindexter was Bud's Deputy. Then he moved up to the Deputy and then he was Deputy when I left.

. Q And since you have left, have you had any dealings with him?

- A No. I have seen him twice at--again, the same kind of going away parties for staff members. That is the only time I have seen John.

. Q Oliver North?

. A Yes.

. Q Okay.

. A Same situation. I have worked--we talked about my work with Oliver North before, and I have seen him only on a couple social occasions. I have not seen him probably in 18 months or so.

. Q Do you know of any mutual friends you have with yourself and Oliver North?

. A Mutual friends?

. Other than fellow NSC colleagues and staff members, that would be about it. Oliver North knew General Secord, as I said, so General Secord would be one. Other than that, none.

. Q No one other than NSC people?

. A No one other than NSC people, Secord, no, no one outside. I never--I didn't have a circle of friends that included Oliver North so I wasn't in his circle of friends.

. Q Charles Tyson?

. A Tyson was on the NSC staff when I was there and I have not seen Tyson since he left the NSC staff. He called me up one time at the Paris air show. We were going to get together, but we never did.

. Q Do you have any knowledge of his relationship with Saudis?

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A Only that when he called me up he said he went to work for Adnan Khashoggi's staff in Madrid and that was it. No other knowledge of it. I don't know what he did. I haven't even talked to him since then.

Q Do you know anyone else who works with or for Khashoggi?

A No, I do not.

Q Adnan Khashoggi, you have said, you don't know?

A That is correct.

Q Donald Fraser?

A No.

Q Ernest Miller?

A No.

Q Vertex Finance?

A No.

Q Eurocommercial Finances?

A No.

Q Manucher Ghorbanifar?

A No.

Q Yaakov Nimrodi?

A No.

Q Al Schwimmer?

A No.

Q Amiram Nir?

A No.

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Q David Kimche?

A No.

Q Mike--

A Stop on David Kimche. I met David Kimche when I made a trip to Israel as part of Secretary Haig's first swing through the Middle East in April of 1981. Kimche was there along with Shamir and Began, the whole hierarchy in Israel. We briefed about the sale, the pending sale, possible sale of the AWACs to Saudi Arabia.

But I just met him in that group and never saw him since.

Q Have you had any contacts with the people you referred to as the hierarchy in Israel since that trip?

A No, not with the hierarchy at all. The only other person that I really knew were Israeli embassy staff who had interface with us when we were on the NSC staff that made a call on us once or twice.

Denny Halperin is one guy's name that I remember. The other couple guys, I don't know, I don't remember.

Q Did you become familiar with others on Secretary Haig's staff at that time.

A I made the trip with him so I met people that were on that trip, Ambassador Walters, Bud McFarlane, Rick Bert. Those people on that trip.

That is where I met most of those folks.

. Q Have you continued since you have left the government to have contacts with any of those people?

. A No. No, I have not.

. Q Do you know a Robert Owen?

. A No.

. Q Michael Ledeen?

. A No.

. Q Do you know Ledeen was a consultant to the White House?

. A No, I didn't. I remember his name, I think associated with CSIS, but I never met the guy to my recollection and have never, you know, the only reason I know he was NSC or White House consultant was because it has been in the papers recently.

. Q By CSIS, you mean Georgetown Center?

. A Yes. I think that is where he was. I may be recalling that wrong.

. Q Cyrus Hashemi?

. A No.

. Q Willard Zucker?

. A No.

. Q Compagnie de Services Fiduciaries?

. A No.

. Q John Singlaub?

. A No.

. Q Jack ~~Mossas~~ MOSSAZ?
. A No.
. Q Thomas Clines?
. A No.
. Q Raphael Quintero?
. A No.
. Q Ramon Medi~~y~~Na?
. A No.
. Q Correlas?
. A No.
. Q Max Gomez?
. A No.
. Q Felix Rodriguez?
. A No.
. Q DeGaray?
. A No.
. Q Lake Resources?
. A No.
. Q Airmach?
. A No.
. Q Southern Air Transport, Inc.?
. A No.
. Q William Langton?
. A No.
. Q Richard Gadd?

. A No.

. Q Now, to briefly review two of the exhibits. Do you know of a company called American Marketing and Consulting?

. A Yes.

. Q Can you describe your relationship with that company, what it was, how you related to it and how Secord was related to it?

. A In 1984 when we, when Secord, General Secord and three others and I decided that we were going to buy an aircraft and we settled on buying a Maule aircraft, we decided to form a corporation to put the aircraft in for limited liability and we formed a company called American Marketing and Consulting.

. Q At the time that the company was formed, had you any idea that it might be used in any way to help or provide anything to the contras?

. A No.

. Q Did you ever have any knowledge that the aircraft you have described went to the contras?

. A Only since in my discussion with the Senate Intelligence Committee, they showed me a bill of sale that said that it was sold to a company called HRA or something like that, that was registered in Panama and supposedly wound up in Honduras.

. Q Apart from being shown that bill of sale by the

Senate Intelligence staff, you have no knowledge of the sale of that plane to the contras?

. A No, no knowledge of the sale of the plane to the contras, no, sir.

. Q Do you have any knowledge of how that sale was financed even if you don't know who it was sold to?

. A No, I don't. When he bought the airplane, four of us took out a note and we paid down some on the note and at the time the airplane was sold there was $48,000 left on the airplane and General Secord says, said to me, and I believe he talked to the rest of the folks as well, saying we are going to sell the airplane, we can get the note paid off. That was basically it. $48,000.

. Q I show you--

. A But I don't know where it came from.

. Q I understand. I show you the document we have marked Exhibit 6, which is the promissory note. It has ''promissory note'' on it. I ask if you can explain the relationship of this document to what you were just recounting.

. A Yes. This promissory note in my name, David Bernie's, Richard Secord and Carl Kaufman was the note that I-said that we took out to pay for the airplane which was $60,000.

. This document, a copy of it was sent to me by the bank because I asked them for a copy of the paid off note, and it was a paid stamp on it, paid 8-30-85. That was sent to me by the National Bank of Washington.

. Q Who is Carl Kaufman?

. A Carl Kaufman is a car dealer in the Washington area and he is just another individual who was interested in owning an airplane that we flew around. We flew this airplane around for about 200 hours of flying time on it, six months or something like that.

. Q Is he a friend of Richard Secord's?

. A He met Richard Secord, but I think he met him through me. I don't think he is a friend of his. Carl Kaufman I met through Keith Phillips. The reason Keith Phillips' name is not on here is Keith came back to the country, he came and flew the airplane, but he was not on the note because he wasn't a local guy.

. He wasn't here. So the four of us took the note out. I think that Keith may have introduced me to Carl. I am not sure. I don't recall exactly.

. But I don't think that Carl knew Secord before then. I think either Keith or I introduced him to Secord.

. Q Why was this note taken out from the National Bank of Washington? Do you have any idea?

. A Yes, because that was the bank where I had my business and that is where Dave Bernie had his business, so

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we took it out in the National Bank of Washington.

Q And has, to your knowledge, there been any other activity by the American Marketing and Consulting?

A No.

Q Other than the plane that you described?

A That is correct. No other activity and to the best of my knowledge, other than those incorporation papers that we--that I provided to you, on the company, the company hasn't done anything else. It had a bank account at NBW. General Secord handled that. He made the payments. We paid him our--well, it was $60,000. It went down to 48, so there was $12,000 that was paid against the note.

General Secord made those deposits to the bank account.

Q Do you know anyone who even provided clerical assistance in connection with the American Marketing and Consulting activity?

A Well, Carl Kaufman filed the incorporation papers. At least that is what the document indicates.

It was basically a non-operative company. We formed it to have the airplane. It never really did anything.

To my knowledge, the company never did anything other than buy that airplane. And it hasn't done anything since and I think the company goes away if it hasn't had any activity in it.

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. Q You know of no person who typed or did any other clerical work in connection with American Marketing and Consulting?

. A No. My wife, who is in Lilac Associates, typed up the couple of ads when we put the airplane up for sale. Basically that, and that was about the only thing.

. The bank account for NBW, Inc., I can't remember whether it came to me or I gave it to Secord, but Secord took all the corporate records basically, and there really weren't any other than the bank account that we had.

. Q At several times, as I have indicated, there may be subjects that we will come back to you on, but that completes my questioning for today.

. Under our usual format, George Van Cleve may ask questions in addition for his part.

. A Okay.

. EXAMINATION

. BY MR. VAN CLEVE:

. Q Mr. Lilac, for the record, I am George Van Cleve, the Deputy Republican Counsel for the House Select Committee. We have been previously introduced.

. Can you please estimate for me the fraction of your income over the last three years on average that has come from work that you have done [redacted]

. A You want to know the gross amount into the company or my salary?

. Q Take it first as a percentage of our company.

. A As a percentage of the company it is, the best I can estimate is a little under 20 percent, about 20 percent, roughly 20 percent.

. Q And based on the type of work that you have been doing over the past couple of years, would you expect that relationship to continue at that level or increase?

. A I would--it hasn't increased. It has stayed stable. It hasn't increased at all.

. I would expect it to stay the same as long a I can provide services to them in the aviation and communications areas they have asked me to.

. Q Are you presently seeking some sort of a long-term contractual relationship with them for these services or do you currently have one, some sort of long term contractual relationship?

. A No, not a long term. It is a year-by-year thing.

. Q I see.

. You, I believe, stated previously that your other clients in your consulting business are principally American aerospace companies; is that correct?

. A That is correct.

. Q And are these companies that have extensive operations in Saudi Arabia?

. A Yes, they are.

. Q And can you describe in general terms for the committee the nature of the work you do for these companies, is it connected also to Saudi Arabia?

. A Yes, I have many years of experience in dealing with the Royal Saudi Air Force and in those roughly 15 years of working I have established kind of a trusted relationship with members of the Air Force and large companies that are going into Saudi Arabia in support of the programs that they have in country service programs or potential new sales of equipment, items, services and equipment to Saudi Arabia they want to go in and articulate those capabilities to the Royal Saudi Air Force both based on my relationship over the many years with the Royal Saudi Air Force plus the strengths that I have as a former test pilot and program manager.

. They have hired me as a consultant to go in and help articulate those arguments in nearly all cases to the Royal Saudi Air Force.

. Q So would it be fair to say in broad general terms that a considerable part of your total company business turns on work connected with Saudi Arabia?

. A With the Saudi--

. Q With Saudi Arabia?

. A Yes, with Saudi Arabia as a geographic location. It is mostly there.

I have also been doing work with Bahrain and potentially other countries in the Middle East as well as perhaps even Japan. But the majority is Saudi Arabia, yes.

Q I appreciate that. Just a couple of brief questions if I might, about your personal background and some of the work you did in the government.

If I understood you correctly, you testified previously that you had been involved in the technical review in connection with the AWACs sale.

A That is correct.

Q And did you use that terminology to describe your role in the process? That is, did you mean to distinguish between a technical knowledge of the equipment and personnel requirements and so on on the one hand, and the sort of strategic or military policy issues that might be involved with the sale on the other?

Did your role either at the Pentagon or at NSC have anything to do with strategic and policy considerations that were involved in the AWACs sale?

A I would like to make a distinction. While I was at the NSC, the AWACs sale had already been approved and was on the road.

Q I understand.

A So we had very little residual work to do with the AWACs at NSC. But the technical--I said that I was the technical briefer. When the Administration was presenting the case to the Congress I accompanied the briefers, in most cases it was national security advisor, and he would place things in the geopolitical context and I would brief on capabilities.

. I was also responsible for program management of all programs to Saudi Arabia so putting together the letter of offer for the sale and why it was needed, somewhat involved with analyzing the threat that Saudi Arabia was trying to defend against, I was involved in that as well.

. So both from a threat to the oil resources in the eastern province of the Kingdom of Saudi Arabia I was quite deeply involved in explaining that, as well as explaining the capabilities of the equipment to the Congress while we worked on that.

. The terms and conditions of the letter of offer, I was involved in that as well as the program manager, chief program manager for the U.S. Air Force for Saudi foreign military sales.

. Q Does that mean you were involved in negotiating the actual terms of the sales agreement with the Saudi government?

. A Yes.

. Q Including the pricing of the equipment?

. A Yes, including the pricing of the equipment.

Q Going back to what you said about your knowledge about the threat that served as the justification for the sale, would that have been something that you would have been responsible for putting together, an analysis independently, or did you simply rely on work that was done?

A It was provided by other people in the Pentagon and in the Department of Defense. The Program Management Office that I had responsibility for really was basically an implementer, getting sales, working the contracts, working with the other agencies and the U.S. Air Force.

But in a proposed sale, especially one that was as contentious as that was, we had a lot of inputs from other agencies inside the Department of Defense, from the intelligence agencies, putting together threat analysis, Air Force intelligence people did work, Defense Intelligence Agency did some work.

So these inputs came in and as it turned out in expressing those arguments up here I was the representative of the U.S. Air Force on that sale so in most cases when there were questions in the Congress about those threats, I articulated them or went back to those experts and got the answers and provided them back through the Department of Defense organization that was managing our interface.

Then later on it transitioned over to the NSC, so we moved under the direction primarily of the National

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Security Advisor at that time, Richard Allen.

MR. VAN CLEVE: I have no further questions.

Thank you very much for your cooperation.

MR. TIEFER: That concludes this deposition for the time being. It may be resumed at another date concerning the subjects we have discussed that were unnecessary to go into detail at this time.

Off the record now.

[Discussion off the record.]

MR. TIEFER: Back on the record.

Subject to resumption for the reasons stated, the witness is for now excused.

[Whereupon, at 12:35 p.m. the deposition was recessed.]

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Robert H. LiLac (Exhibits) 10 Feb 87
Exhibit numbers 2 and 4

DENIED IN

TOTAL

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TRANSCRIPT OF PROCEEDINGS

HSIC 0022/87

C O N F I D E N T I A L

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT H. LILAC

C O N F I D E N T I A L

Partially Declassified/Released on 12-22-87
under provisions of E.O. 12356
by N. Menan, National Security Council

Fairfax, Virginia

Friday, April 17, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT H. LILAC

Fairfax, Virginia

Friday, April 17, 1987

Deposition of ROBERT H. LILAC, called for examination, pursuant to subpoena, in the offices of Odin, Feldman & Pittleman, 10505 Judicial Drive, Fairfax, Virginia, beginning at 2:33 p.m., before Mary C. Simons, a Notary Public for the Commonwealth of Virginia, when were present on behalf of the respective parties:

On Behalf of the Deponent:

JAMES H. GALE, ESQ.
Odin, Feldman & Pittleman
10505 Judicial Drive
Fairfax, Virginia 22030

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On Behalf of the United States Government:

CAMERON HOLMES, ESQ.
PHILIP BOBBITT, ESQ.
DAVID FAULKNER, Investigator
United States Senate
Select Committee on Secret Military Assistance
to Iran and the Nicaraguan Opposition
901 Hart Senate Office Building
Washington, D.C. 20501

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PROCEEDINGS

Whereupon,

ROBERT H. LILAC

the deponent, was called for examination by the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. HOLMES:

Q Would you please state your name?

A Robert H. Lilac.

Q I gather that you have been previously deposed; is that right?

A Yes. I was deposed, I don't recall the date, but by the House Special Committee on the Iran Investigation.

Q Have you had other depositions than that?

A No.

Q Do you feel familiar with the format of a deposition?

A Yes, and my attorney is with me.

MR. HOLMES: If at any time you feel that you

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don't understand the question, be sure to stop and have me rephrase the question or ask it again.

THE WITNESS: Okay.

MR. HOLMES: If you don't stop me, I'll assume that you understand the question. Is that fair?

THE WITNESS: That's fair.

MR. HOLMES: Let's go ahead and start with this letter from Mr. Gale. I would like to have it on the record in order to place the reader on notice of its existence at the beginning.

Let's just have this marked as Exhibit No. 1 to this deposition.

(Lilac Deposition Exhibit No. 1 was marked for identification and submitted for the record.)

MR. HOLMES: Mr. Lilac, you understand that by this letter and by the rules of the Senate Select Committee this deposition is within certain confidentiality protections.

THE WITNESS: Yes, I understand.

MR. HOLMES: I want you to feel free to divulge whatever information it is that I ask of you unless it's covered by a privilege that you would like to talk over with your attorney. If you think a certain answer is covered by any privilege, whether it be an Executive privilege or some kind of a secrecy privilege or even a Fifth Amendment privilege, please alert me to that fact and we can allow you to talk to your lawyer at that time. All right?

THE WITNESS: Okay.

MR. HOLMES: I anticipate that we are going to get into some information that you may feel is sensitive in a national diplomacy sense and I want to be able to have that on the record.

THE WITNESS: My primary concern, and the reason we wrote this letter, is just because of the protection of business records, my business records.

MR. HOLMES: I understand that.

BY MR. HOLMES:

Q Mr. Lilac, I understand that you have been in the Air Force; is that correct?

A Yes. I retired from the Air Force at the end of 1983.

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Q You had been in the Air Force since about October of 1958?

A That's correct.

Q Had you ever been stationed in Iran?

A No. I have never been stationed in Iran.

Q Have you been stationed in Saudi Arabia?

A Yes. I was stationed in Saudi Arabia.

Q Was it more than one occasion?

A No. I made trips to Saudi Arabia on more than one occasion, but I was only stationed there once.

Q When was that?

A June of '75 to about June of '76, approximately one year.

Q After you were stationed there, did you [have] further dealings with Saudi military interests?

A Yes. As a U.S. Air Force officer in 1979 I was assigned to the Pentagon to head up the Saudi Management Office which was responsible for overseeing for the U.S. Air Force foreign military sales programs between the United States Government and Saudi Arabian Government.

Q How long did you hold that position?

A Until the end of 1981.

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Q What was your title at that time?

A I was called Chief of the Saudi Management Office for the U.S. Air Force Directorate of International Programs.

Q Was the Directorate of International Programs during that period of time under General Secord?

A Yes, it was for a portion of that period. In approximately the beginning of '81 he moved to become Deputy Assistant Secretary of Defense and a new Director took over. So General Secord is the gentleman who I went to work for initially when I went to the Pentagon, and then he left to a different job in the Pentagon and I stayed on there until the end of '81.

Q Who replaced General Secord?

A A Brigadier General by the name of Robert Delligatti.

Q After you left that post at the Pentagon ---

A Excuse me, that is not correct. In between there was another office in there, Henry J. Sechler, Brigadier General Hank Sechler. Delligatti I think replaced Sechler.

Q When you left that position in the Pentagon,

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where were you next assigned?

A For a short period of time I was assigned as a Deputy to General Sechler for policy for international programs, and then in the spring of 1982 I went to work as a military officer attached to the National Security Council at the White House.

Q During this period of time from '79 through your beginning of employment at the NSC, was that primarily in relation to the AWACS program?

A From '79 to '81?

Q Yes.

A No. I was responsible for all of our foreign military sales programs between the United States and Saudi Arabia. The AWACS was just one of those programs. We had other programs that were ongoing and the AWACS actually started during that period.

Q When did the AWACS start?

A There were studies going on about the air defense requirements in Saudi Arabia from late mid-1979 through late 1979. They were actually ongoing when I arrived. And throughout 1980 we had a series of studies of these air defense requirements and the Saudis were wanting

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to buy an AWACS or at least an air surveillance platform and the Administration was reviewing that requirement.

Then in the beginning of 1981 when the Reagan Administration came onboard, they made the determination that they would go forward with a notification that they were going to make the sale to Saudi Arabia, and it was a Congressional notification that took place in early 1981.

So throughout the period of 1981 most of my activities were in support of the Administration's efforts to sell the AWACS to Saudi Arabia.

Q You were a technical briefer?

A During that period I still ran the Saudi Management Division at the Pentagon, but since our office was responsible for this AWACS request and deal with the Air Force agencies that were responsible for putting together material associated with the sale, I became essentially the point man for the U.S. Air Force and provided technical briefings to anyone that the Administration needed to brief, both within the Administration, outside the Administration and to the Congress. So I was a technical briefer with the Administration's efforts to sell the AWACS to Saudi Arabia,

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to gain approval from the Congress for the sale.

Q Did your involvement with the AWACS program continue at the NSC?

A No, it did not, not really. There were a few residual things left over that were associated after the sale was approved and the things that were being done between the United States Government and Saudi Arabia prior to the sale, and in some cases I provided answers to questions just because I had spent a year or almost two years involved in AWACS in general, but I did not have responsibilities per se for the AWACS sale. They stayed with the U.S. Air Force when I left and went over to the NSC.

Q What was your tenure at the NSC?

A How long? From the spring of '82 until I retired from the Air Force at the very first of December of 1983, or at the end of the year.

Q What were your duties at the NSC?

A My primary duties were having NSC responsibilities for the security assistance budget which was worldwide foreign aid as well as the portions of those foreign military sales that needed to have some interface

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with the NSC or the White House staff, but the great majority of my time was spent in working with the interagency process with primarily the State Department and the Defense Department and somewhat with OMB in developing the budget for the foreign aid account around the world and ensuring that the President's priorities for foreign aid were met in that interagency process.

Q Was there an account at NSC in which the Nicaraguan opposition would have fallen during the period of time you were there?

A During the time that I was there I don't recall anything at all associated with the Nicaraguan account. To the best of my recollection, we didn't have any foreign aid per se. The security assistance budget in foreign aid, as I define it, was what is called in the foreign aid system, in the appropriations system as the 150 Account. 150 is in fact that military aids and grants and loan program that we provide the countries around the world.

That 150 Account did not have any, nor did I have, any responsibilities in intelligence accounts. So we didn't have anything to do with covert activities or covert fundings and, to the best of my recollection, there was no

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Nicaraguan funding associated with that 150 Account during those years.

Q Was there any Central American ---

A Yes, there was. I don't recall the details because my responsibilities were quite general. There were regional specialists within the NSC who dealt in the details, but one that I do recall specifically is the El Salvador account.

During those not quite two years that I was there El Salvador and funding for the El Salvador Government was a priority in the Central America portion of that 150 Account.

MR. HOLMES: I'm going to pass on to something else and come back to the dealings of the NSC.

I would like to ask you about your various relationships with General Secord.

MR. HOLMES:

Q He is U.S. Air Force retired also, is he not?

A Yes. He retired. He was a two-star General in the U.S. Air Force.

Q When did you first meet him?

A I first met him when I came to work for him in

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1979 at the Pentagon.

Q Had you known of him prior to that?

A The only reason that I knew of him was that another General who I did know recommended to General Secord that I would be an officer who had the kind of background that General Secord might need to run his Saudi office. This other General mentioned my name to General Secord and told him of my background and also called me and said that you might want to consider going to work for General Secord. He needs someone with your depth of experience in Saudi Arabia.

Q Who is this General?

A That's General Jim Ahmann. He is also a retired Air Force General now.

Q And you worked directly under General Secord while you were there at the Pentagon?

A Yes. During the time that he was there, yes.

Q I understand that you have some mutual friends including, for example, Keith Phillips and Mr. Burney?

A Yes, that's correct.

Q How did you know Keith Phillips? Was that independent of General Secord?

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A Yes, it was independent of General Secord.

Q How did you know him?

A Well, he was a fighter pilot in the Air Force and I'm not sure or don't really recall whether I met him before this time, but my friendship with him became closer when I met him in 1974 when I went to Saudi Arabia.

Q So you became closer friends with him ---

A Closer friends at that time because he was working as an adviser in Saudi Arabia and I had delivered airplanes to Saudi Arabia in 1974.

Q Would you characterize yourself as a fairly close friend of Phillips now?

A Yes.

Q Do yourfamilies get together sometimes?

A Yes. Mr. Phillips lives in Saudi Arabia, and when he comes back and when he comes through Washington, we get together and usually go out to dinner.

Q I assume you visit him when you go to Saudi Arabia?

A Yes, I do.

Q When was your last contact with General Secord?

A The last contact with him?

Q Yes.

A Do you mean speaking with him or ---

Q For example, speaking with him.

A I talked to him a couple of weeks ago.

Q And where did that occur?

A Here in Washington.

Q Was anybody else present?

A No. I just talked to him on the telephone.

Q What was the conversation you had?

A I asked him how he was doing, and he said that he was busy naturally with the current investigation. And I asked him how he was making out, and he said that he was doing okay. He said he had a lot of legal bills that were building up. Basically that was the gist of the conversation.

Q Did he ask you whether you were going to be deposed at any time?

A No, he did not.

Q Did you discuss any of the facts of the current investigation?

A Not really. We talked about it a little bit, as I said, associated with his legal bills. I asked him how

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he was doing, and he said that he thought he was doing okay. He said if he could pay his legal bills, and he didn't think that he had done anything illegal, he thought he was going to be doing okay. He seemed to be quite concerned about the stack of legal bills he was building up.

Q Did the topic of [redacted] come up at all?

A Yes, sort of generally. He said that he was surprised at what Bud McFarlane was reported to have been saying in the newspapers.

Q Could you recreate for me the conversation in that regard?

A I don't know. I think it would be difficult to remember. I think he called me up at about the time that this story came out in the Washington Post.

Q He called you and you didn't call him?

A I think he called me at that time, yes, or I may have been returning his call.

Q And what was said about that subject?

A Excuse me?

Q What was said about the subject?

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A Well, just that he was surprised, that he was wondering if there might be something wrong with Bud McFarlane, and he was surprised at what he was saying and he was sort of wondering how [redacted] was taking it, the stories about getting [redacted] involved in the story.

Q What did you tell him about that?

A At that time I really didn't know anything about what [redacted] thought about it. So I don't think I said anything to him. I don't recall saying anything to him about [redacted] comments.

Q When you say at that time you didn't know, I gather at some other time you knew?

A Well, yes, I know [redacted] pretty well, and I believe it was at a later time than that. [redacted] just said that he was surprised and disappointed at Bud McFarlane's comments.

Q At a later time than two weeks ago?

A I think it was, yes. I can't remember exactly. To be honest with you, my memory on that is a little hazy. I don't know if I can correlate them exactly. I say a couple of weeks ago, but that's a rough couple of weeks. I don't know if it's two weeks or three weeks.

Q All right. Has there been more than one conversation with [redacted] since the conversation with General Secord?

A Yes. I see [redacted] pretty regularly.

Q How often is regularly?

A Oh, I probably see him when he's in town, and I probably see him once or twice a week.

Q And how many conversations have you had with him since the conversation with General Secord in which the topic of [redacted] the contras came up?

A I would just be guessing to give you an answer to that.

Q Well, this is a two or three-week period. Am I to gather that it comes up on a fairly regular basis?

A Oh, the subject?

Q Yes, the subject.

A Oh, no, the subject doesn't come up on a fairly regular basis. You said how many conversations have I had with [redacted] I had a lot of conversations with him.

Q The conversations in which this subject came up.

A Oh, I think just two, two or three maybe, one when the story first came up and then again -- I can't remember exactly -- I guess it was a week or so later. Yes, probably a week or so after that.

Q And then the third conversation would have been this most recent one that occurred since the phone call with General Secord?

A I'm lo~~o~~sing my place in the book. I have a lot of conversations with [redacted] but I don't know if I've had -- I've had more than one conversation with [redacted] [redacted] about that subject since I had a phone call with General Secord.

Q Oh, I see.

A But the gist of them, and they kind of run together and it's hard to specifically pull them out as individual times.

Q Okay. Let's work backwards on [redacted] and then maybe we can reconcile it.

When was the last time you spoke with [redacted] [redacted] in which the subject of [redacted] the contras came up?

A Let me see. Probably about, and again I'm just guessing, but it's probably about -- I know that it's more than a week. It's probably 10 days ago.

I think it's worth clarifying that point. When there is a story in the paper and it comes up, he and I are fairly close friends when we have a dinner or we're sitting together watching television or it's on the news, the subject comes up just by the fact of it being there.

Q I understand and it seems perfectly normal to me that that would be the case. And the last time that that happened, it would have been sometime within the last week or 10 days?

A Well, I know it's longer than a week ago because he has been out of town for about a week. So, you know, it's before that. It's a few days before that.

Q Do you recall the circumstances of it coming up on that occasion?

A I think it was associated with something that popped up on the news about Secord and the committee's trying to get Secord's business records because that was a topic that was on the news. I believe that's what it was.

Q All right. And you were sitting watching the news with him then?

A Yes, and I do that fairly often.

Q And where would that have occurred?

A At [redacted]

Q And what was said?

A Excuse me?

Q What was said between he and you?

A He just wondered how Secord is going to make out on this and whether his records are going to be released or what, you know, just a comment about that. So that's when the subject of Secord and contra comes up, you know, when you're watching that on the news.

I don't recall the gist of that particular conversation. I said, yes, you know, Secord had called me up. I told him that he had called me up. And he says, well how's he doing? I said, well, he seems to be doing all right. He doesn't think he's done anything wrong and is complaining about his legal bills, you know, again, the same thing played back again. But I haven't really discussed with him the specific subject in those last conversations of supposedly [redacted]

Q Let me review with you for a second what I thought I heard you say a little while ago so we can get together on this.

A Okay, sure.

Q I thought you told that after you spoke with Secord you had later learned again from [redacted] that he was surprised and disappointed about the allegations or story that [redacted] contras. Is that what I heard you say?

A Yes, that's right.

Q So at the time when you're sitting with [redacted] listening to the news most recently in the last, let's say, 7 or 10 days ago, what did he say specifically about the subject of the contra aid that led you to believe that he was surprised and disappointed?

A Oh, nothing. Oh, no, not at that time. When [redacted] said that he was surprised and disappointed, it was some period of time after that story had come out in the Washington Post, I think it was the Washington Post, within the last few days.

But, as I say, we spend a lot of time together and without looking at a calendar and seeing when the stories were written, I would have a lot of trouble creating the exact time sequence of the sequence of the conversations. I have to admit I wouldn't be able to create that for you accurately.

MR. GALE: As I recall what he said, he said that he was surprised and disappointed at what McFarlane said. That's what I recall hearing him say.

THE WITNESS: No, I did say that.

MR. GALE: Yes, and not anything about the contras as you just finished articulating.

BY MR. HOLMES:

Q Didn't you mean about what McFarlane said about the contras?

A What he specifically said, and I think this is what I said since we are going back over again to make sure we get it right, that [redacted] was surprised and disappointed at what McFarlane had said about [redacted] yes, that's correct.

Q And was this conversation since your last conversation with General Secord?

A I think it was, yes. I think it was.

Q Okay. And is this the same conversation that we've been talking about with you and him watching TV together or is this a different conversation?

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A No, this is a previous conversation to that, because I spend ---

Q When did the surprised and disappointed remark get made, to the best of your recollection?

A After the Post article came you, I think it was the Post article that [redacted]

Q And do you know approximately when that was?

A I would have to look in the newspapers to find out?

Q Within the last month was it?

A Well, let's see, I think it was [redacted]

Q Did he say anything else other than that he was surprised and disappointed? Did he elaborate on what he was surprised or disappointed about?

A No, he did not.

Q Now you've had other conversations with [redacted] about the same subject; is that right?

A Yes, in general terms about the Iran contra thing, yes.

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Q All right. Now working our way back from the surprised and disappointed conversation, I would like to hear about, and I recognize that you may some difficulty with the exact dates, but I would like to hear about each conversation you had with [redacted] about that subject back to the beginning of time. Go ahead.

A I think it would be impossible to recreate that. I sit and I watch the news with [redacted] a lot, and every time it comes on the news there is a general conversation or a comment about it, and especially from the time that it was big news last fall through the December/January time frame. Every time there was a story and it's something on the news and we're sitting there, I would be sitting there and we naturally talked about what was on the news, just like we talked about the other topics that were on the news.

So I would really be hard pressed to recreate it.

Q Have you ever had a conversation with him in which it was discussed with any detail?

A No, not to the best of my recollection because when the various stories first came out [redacted]

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[redacted] comments have been, and I would have to lump them together and average them out because I can't recreate a specific quote, and this is trying to be as helpful as I can in responding to your question, but he has said that he didn't understand the stories, that [redacted] and that he wasn't going to talk about it. And from that time previously in history there was never any detailed conversations with me about [redacted] except in general terms.

If I trace it back all the way through history, as close to a conversation as I can come to [redacted] relates back again to a question that General Secord asked me sometime in, to the best of my recollection, in early, or the spring of 1985, and I can remember it because it was a very specific comment.

General Secord at that time asked him, because I know [redacted] well, he said, Bob, he said I would like to see [redacted] and he says, I need to talk to him.

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Q When and where did this conversation take place?

A When?

Q Right. Is the spring of '85 as close as you can get to it?

A Yes, it is. Yes, the spring of 1985. I can't recall ---

Q Was this before or after [redacted]?

A Well, spring would be after, but pinpointing it [redacted] it was around that time. It might have been before. In my mind I haven't specifically related it to that, but the question that General Secord asked was that he said he wanted to see [redacted] and I said well, what do you want to talk to him about, is there something I can elaborate to see if we can get him to talk to you, and he says, well, he says I think that it would be in [redacted]

Q Where did this conversation take place?

A I don't recall. I don't recall if it was in person or on the telephone, but it took place here in the Washington area.

Q Do you recall whether anybody else would have been privy to the conversation?

A No. I think it was just he and I.

Q Go ahead.

A And I said, well, just in reacting, and paraphrasing my comments back to General Secord, I said I don't know it would be in their best interests to do this, but I said I'll be glad to pass your message on [redacted] that you want to talk to him.

So I went [redacted] and I told him. I said General Secord would like to see you. He said, what does he want? Well, he wants to talk to you about this subject of, or he thinks it might be useful if you guys [redacted] told me in no uncertain terms in reaction to that, and he used some expletives ---

Q As you have kindly quoted to the House?

A Yes, that's correct.

Q Go ahead.

A But he told my in no uncertain terms that I had to be crazy and that no, he wasn't going to talk to Dick Secord about that and, to the best of my knowledge, he didn't. But from that time on, and that's as close to a specific thing about [redacted] as I can come up until stories came out in the newspaper.

Q Did you say to the best of your knowledge he never spoke to Secord about it?

A To the best of my knowledge, he never spoke to Secord about it, only because when he told me that I had to be crazy and that he wasn't going to meet with him, I told that back to General Secord, and I don't know of them meeting on that subject at any time after that. I was never present when they did.

Q And you've never spoken to General Secord again about that subject?

A I related back to him what [redacted] said.

Q And when and where did that take place?

A I don't recall when it took place, but usually when something like that happens, [redacted] I probably would have talked to him with a few days, but it would have been within a few days after that as well.

Q In a phone conversation or was it in person?

A I don't recall.

Q And you told him fairly closely quoting the

[redacted]

A Exactly quoting him, yes.

Q And what was General Secord's reaction to that rebuff?

A He said he didn't understand it. He said he thought that it made sense, and he just dropped it. I don't know what he did with it after that.

Q And you are saying that you have never again spoken to General Secord about his approach [redacted] on behalf of the contras?

A Never again spoken to him, yes, that's true. He never raised that subject and he never asked me again. He never asked me again that he wanted to go talk [redacted] about that subject.

MR. HOLMES: Could we go off the record for a second.

(Discussion off the record.)

(Brief recess taken.)

MR. HOLMES: Let's go back on the record.

EXAMINATION (Resumed)

BY MR. HOLMES:

Q Mr. Lilac, prior to the time that you spoke with

Mr. Secord last, this phone conversation that we discussed earlier, when was the last time you talked with Mr. Secord before that?

A It was probably a week or two before that.

Q So we're talking about roughly a month or so ago?

A Probably a month. Yes, roughly a month ago plus or minus a little bit.

Q And how did that conversation occur? Was that also by telephone?

A No, he called up and then he said he wanted to stop by and see me. So he stopped by at my house in Washington.

Q Was anybody else present when he arrived?

A No.

Q Did anybody else see him there?

A See him at my house?

Q Yes.

A My wife may have been there, but I'm not sure.

Q Was he with anybody?

A No, he was alone.

Q What did he say when he arrived?

A Well, I don't recall exactly what he said when he arrived, but the gist of the conversation was that he wanted to stop by and see me, and what he was doing was explaining to me the plight situation he was in with his legal fees. I think very honestly he was lobbying me that if anybody that I knew wanted to help him with contributing to his legal fees that he would sure be appreciative of it. He was a friend of mine and I listened to his story.

Q What did he say?

A He just said that his legal fees had used up all his money and that he had about another $100,000 of legal fees in addition to that that he hadn't paid yet.

He was in pretty good spirits I would have to say. I asked him how he was doing, and he still said that he thought he was going to do okay if he could keep his lawyers employed because he didn't think he had done anything illegal.

Q Did he ask you for any possible sources of money that you might have access to?

A He asked me if I might speak to [redacted] to see if they might be willing to help him, and he said anybody else who might assist.

Q Did he name any particular [redacted]

A No, he just said [redacted] but there was no doubt in my mind that he was referring to perhaps [redacted]

I ask him, I said, you know, that I personally didn't see [redacted] I said don't you have any other sources? I even specifically asked him, I said couldn't Albert Hakim help you, and he said, well, all of Albert's funds were tied up as well.

Q Did you ask him about any other possible sources that he might have?

A That he might have? No, I did not ask him. He said that Albert's funds were all tied. He said, just like everybody else's funds were all tied up. He even made the comment at that time that Khashoggi's funds were tied up.

When he said that, as a part of that conversation we talked a little bit about Khashoggi, not in detail, but I said that I was surprised [redacted] funds were alleged to have been involved. And he said that he didn't know [redacted] funds involved, but by deduction he thought that perhaps there was a source [redacted] funds of $15 million, but he didn't have any firsthand knowledge of that. And he was fairly specific about that because that was about the time that some of the stories were coming out about the fact that there was alleged to have been [redacted] to the contras, but this was of course after the Khashoggi stories about where Khashoggi was involved in financing.

Q Did he refer to any source of this information or deduction that there was an amount of $15 million?.

A No, he didn't. He just said that by his knowledge of what was going on that he deduced that there might be $15 million [redacted] money involved.

Q What was your reaction to that?

A I was surprised. I said that I had read about Khashoggi's things, but I didn't know of [redacted] So I was surprised that he thought that there might possibly be $15 million [redacted] funds, and I don't know whether those were [redacted] In the conversation he didn't delineate the two.

Q Was he talking in the conversation [redacted] funds for the contras, or was he talking [redacted] funds in the context of Khashoggi [redacted]

A It was in connection with -- well, he didn't tie Khashoggi [redacted] All he was doing was talking about funds in general, and he talked about funds being tied up, and when he was talking about Khashoggi funds being tied up, that was within the conversation. So it was in the context of Khashoggi rather than [redacted] funds.

Q So you're saying, if I'm getting you right, you're saying that this was not $15 million that went to the contras. It was $15 million that was involved in the Iranian missile sales in some way?

A No, we didn't talk about Iranian missile sales or we didn't talk about contras. We were just talking about funds and he talked about Khashoggi's funds being involved, Khashoggi's funds being tied up. So we weren't talking about Iranian missiles or contras. Really we weren't talking toward one piece of it or the other piece of it.

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Q So it was a general reference then?

A It was a general reference, yes, sir.

Q Did he tell you from what he deduced this, from what information he was able to deduce the ---

A No. The only thing he said was from his knowledge of what was going on, and he didn't elaborate about the details of what was going on, but in the context of his investigation I guess that he assumed that I knew that he was involved, but we didn't talk about any of the details of his involvement either on Iran or on contra or on the combination.

Q Now other than this conversation, have you ever discussed the possibility [redacted] money was involved in either the Iranian or the contra end of these events with General Secord?

A No, other than the one I told you about a couple of years ago where he asked me that he wanted to see [redacted] [redacted] Beyond that, no, we never. As a matter of fact, we never had any other discussions at all on that subject, and we never had any discussion on the subject of contras, to the best of my recollection, in that time, although I had seen General Secord on, not a frequent basis, but saw

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him quite a few times in that period.

Q How did your conversation end there at your home, what was the upshot, the conversation we've been talking about with General Secord?

A How did it end?

Q Right. Or maybe a better question is how did it go from where we were and finish out?

A You mean on the conversation?

Q Yes.

A Well, the only place that he went was that I wished him good luck on what he was doing and asked him to hopefully hang in there. I don't think I made the comment at that time to him, but I did not make any contributions to him. I wish I could have for his legal fund. But he did said on the specifics, he did say that he did have a friend of his who had a legal fund established for him if anybody wanted to contact him.

Q So in case you came up with some money you would know who to call?

A In case I either did or wanted to pass it on to somebody else who was a mutual friend of Secord's that wanted to contribute.

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Q Who was that?

A Who was the person that had the fund?

Q Right.

A His name was Sandy Martin.

Q While we're on that subject, is STTGI paying your legal fees?

A STTGI?

Q Or any other corporation?

A Paying my legal fees?

Q Right.

A No. I'm paying them myself. No, STTGI and I have no relationship now.

Q All right. Let me get into that now.

I understand that you were at one time a consultant with STTGI; is that correct?

A Yes. In mid-1984 General Secord asked me to do some consulting for him on the subject of a shelter project primarily in Saudi Arabia and then in another country in the Middle East, and I agreed to do that. I consulted with them for seven months and then had another contingency agreement with them for about another year in which I helped them and they just paid expenses if I incurred any.

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Q This began June 1st, 1984?

A Yes. June 1984, yes.

MR. HOLMES: Can we have this marked as Exhibit No. 2.

(Lilac Deposition Exhibit No. 2 was marked for identification and submitted for the record.)

BY MR. HOLMES:

Q You were to be $2,500 a month from June 1st through the next seven months; is that right?

A That's correct.

Q Were you in fact paid those amounts?

A Yes, I was.

Q How were you paid?

A By check.

Q From STTGI?

A From STTGI, right.

Q What did you do in relation to that money?

A Do you mean what were my consultant services?

Q Yes. What services did you perform?

A Primarily it was providing briefings, meetings and discussions with people in Saudi Arabia in the Royal Saudi Air Force associated with STTGI and the steel company that they were working with, the steel and construction company that they were working with to provide shelter doors.

Q This is Marwais Steel?

A Marwais Steel; that's correct. And as a part of that we provided various briefings to people at the Headquarters of the Royal Saudi Air Force and a couple of their bases about the capabilities that the Marwais shelter doors could provide for the shelters that were being built in Saudi Arabia to protect their aircraft.

In addition to that, I also was assisting them, although to a lesser degree, for a larger contract that they were competing for in Abu Dhabi, and that was not just for shelter doors, that was aircraft shelters, the entire shelter, the complex they were competing on to build.

Q That was during the same time period?

A Yes, although the only thing that I really did on the Abu Dhabi one was make one trip to Abu Dhabi. I believe it was in the early spring of '85 I think it was to Abu Dhabi to present a briefing about the testing of

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shelters to officials in Abu Dhabi, but the briefing never came off although I did make the trip.

Q I would like you to now verify that what is now marked as Exhibit No. 2 is in fact a copy of the agreement which you signed at that time.

A That is correct.

Q How were you originally approached for this relationship with STTGI?

A Well, General Secord was in business, had retired and was in this business, and he called me up and said that they were working with Marwais Steel and he asked me if I would be willing to be help them. I think we had talked about it a couple of times earlier in 1984, and then in June we came up with this agreement and signed it.

On several trips that I made to Saudi Arabia I was trying to carry the message of the shelter doors to people in the Saudi Air Force that I dealt with. General Secord approached me I guess is the short answer to your question.

Q Did you travel on behalf of STTGI during the seven-month course of this agreement?

A Well, I traveled several times for STTGI, and it

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went from the seven-month agreement to the time in which we had sort of a follow-up letter contingency, sort of a contingency contract that followed on to that basic agreement. And the answer is yes, I made -- I'm not exactly sure of the number. I think it might have been twice to Saudi Arabia and once to Abu Dhabi.

My trips when I made them usually were for more than a single purpose. So I maybe didn't make the trip only for STTGI. I made it on behalf of perhaps two clients. I can't recall the specifics of when I billed them.

(Lilac Deposition Exhibit No. 3 was marked for identification and submitted for the record.)

BY MR. HOLMES:

Q I'm handing you what has been marked as Exhibit 3. Is that the replacement agreement that you're referring to?

A Yes, it is.

Q And this is a contingency agreement, is it not?

A That is what I refer to as a contingency agreement.

Q That you are going to get $300,000 if, and only if, a large sale is made?

A It wasn't $300,000. It was a contingency that we would sign up for a follow-on, continuing consulting agreement for a period of 18 months in which they would pay me at the rate of $200,000 annually for that consulting agreement if they received a large contract in that area.

Q And $200,000 a year times 18 months would be $300,000, right?

A For those consulting services, yes.

Q Right, for those additional services to be provided.

A For the additional 18 months of services, right.

Q Prior to this replacement agreement in May of 1985 you hadn't done any traveling for STTGI; is that accurate?

A Well, I traveled once to Saudi Arabia in 1984 I think. I would have to look at my records to specifically give it to you, but I think during the period when this ended and this one picked up, I don't think I traveled for them, but if I did it would have been on a verbal agreement and they would have just picked up expenses.

Basically, the summary of it is is I had seven months in which they paid me $2,500 a month, and then they paid me nothing else except my expenses for the one or two trips that I made for them after the first agreement was completed.

Q Other than the Marwais effort and the related effort of whole shelters in Abu Dhabi, did you perform any services at all for General Secord in any business context?

A No, I did not.

Q There was nothing in relation to electronics or any other exports or anything like that?

A No other services for exports or electronics. At one time sort of separate from the agreement General Secord talked to me about a company that he was dealing with that was having difficulty getting paid in Saudi Arabia. It happened to be with a saline water contract, and he showed it to me and said do you think you can be of any help, and I told him that I didn't, but that was the only other item of discussion we had that could be related to business.

Q When was that?

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A Somewhere during this period. I don't recall.

Q The middle of '84 through the middle of '85, is that what you mean by this period?

A I think it was during that period. I don't have any records on it. So I'm not sure.

Q Did you ever meet a Mr. Perry in connection with Marwais?

A Perry. There was a gentleman in General Secord's office who worked with Marwais and I think his name was Perry.

Q That's the one I'm talking about.

A Yes, I did meet him.

Q What was his first name?

A I don't know.

Q And your work with Marwais related only to Saudi Arabia then, the Abu Dhabi contract being separate, or was Marwais involved in that also?

A No, Marwais was involved in that also. STTGI is who I worked with and they worked with Marwais, and I was assisting General Secord in STTGI.

Q Are you familiar with the name IDG?

A IDG?

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Q IDG, right.

A It doesn't sound familiar. What does it mean and I might know.

MR. FAULKNER: International Development Group.

THE WITNESS: It sounds familiar, but I'm not sure. Is that the company that is based in Rosslyn?

MR. FAULKNER: There is an office here, yes.

THE WITNESS: Okay. Then I may be familiar with them. Is that the company that's associated with Sam Bamieh?

BY MR. HOLMES:

Q Go ahead. What do you know about it, assuming that's the one we're talking about?

A Well, if it is, I know Sam Bamieh. IDG is just familiar only because -- it just rang a bell. I met Sam Bamieh with General Secord and Mr. Hakim when they were talking about trying to find someone to work with in Saudi Arabia on the shelter project.

Q Let's see if we can fix a date and a place for this meeting.

A Okay. I think it was early -- well, it was in early '84. When I met him it was in the San Mateo or the

San Jose, California area. I was in California and General Secord wanted me to visit STTGI, and this was before I signed the agreement, to see if I would be willing to work with them.

So I went to visit STTGI at their office in San Jose, and General Secord asked me if I would accompany he and Albert to a discussion with Sam Bamieh about their potential for doing business with Bamieh because Sam Bamieh was an established businessman that had done business in Saudi Arabia because they were looking for a partner to joint venture with to help do their business in Saudi Arabia.

Q You and Secord and Hakim met with Bamieh?

A Yes.

Q Was anybody else present?

A I don't recall if there was anyone else from Mr. Bamieh's office there or not.

Q Was this in a residence or was it in a business?

A No, it was at Bamieh's office in that area of San Jose/San Mateo.

Q He had a business office there?

A Yes, he did.

Q Was there any paperwork displayed or discussed at all at that meeting?

A I don't recall.

Q There were no contracts or no agreement or anything like that?

A I don't recall paperwork being displayed, but there was discussion about an agreement because they were trying to come to an agreement between STTGI and Sam Bamieh about the kind of business relationship that they would have.

Q All right. And what was your understanding of the positions of the two sides? What did STTGI hope to bring to the agreement and what did they hope to get from the agreement and likewise Mr. Bamieh's side?

A Well, I had just been to STTGI the first time and I don't really know what they expected to bring to the table in the agreement. The only thing I do recall is after that General Secord telling me that they could not come to an agreement because Sam Bamieh wanted to sort of take over STTGI and they weren't willing to come to an agreement. So they parted ways.

Q Okay. While you were there at the meeting what was discussed about the potential mutuality that they might be able to reach?

A It's three years ago or so, and I just can't recall. I know that they talked about some of the substance of the fact that they wanted to work on projects in Saudi Arabia, and I do believe that the specific of the shelter project was discussed at least in general terms, but beyond that I don't recall anything because that was the only thing I was involved in or was potentially involved in with General Secord.

Q You certainly would have become involved in anything in Saudi Arabia though, wouldn't you, considering your close ties with Saudi Arabia [redacted] and with the business community there?

A I guess that's a logical assumption, but I don't know exactly what you mean. The meeting that I attended was, as I recall it, was not a very long meeting. They were talking about the fact that they would like to be working together, but the only thing that I really recall is that afterwards General Secord told me they parted directions, and I do remember this specifically because he said Sam Bamieh wanted, their agreement that they wanted to write, wanted essentially to take over STTGI.

I don't recall any other specifics, but it would have been logical to assume that if we talked about Saudi Arabian stuff, if it was Saudi Arabian stuff associated with the Saudi Air Force that, yes, I would have been part of that conversation.

Q Was it your impression that you just happened to be in California at the time of that meeting and it was a coincidence, or were you brought out there specifically to see Bamieh?

A No, no. I was in Los Angeles with my wife. We were visiting our family, and General Secord asked me to come up to San Jose from the Los Angeles area.

Q For this specific meeting with Bamieh?

A Yes, and I guess that it probably would be logical to assume that since I knew Saudi Arabia that that would be an asset that I would bring to the discussion and the meeting.

Q Sure, here we are, we're looking at Saudi Arabia and let's do business; is that pretty much the way it went?

A I'm sorry, say that again?

Q Would that be pretty much the logic of having you there?

A Well, I'm not exactly sure of that. The logic of me being there is that with me being there with General Secord it would strengthen General Secord's credibility about being able to carry arguments with the Saudi Air Force.

Q Other than the steel shelter project, you don't recall any other specific projects that they wanted to do in Saudi Arabia?

A I know that in general terms before I worked with them that General Secord was interested in doing security systems projects as well, perimeter security systems, but I don't recall whether that was discussed at that meeting or not. I never worked with General Secord on security system projects.

The reason I remember it is when they took me through STTGI they talked to me about some of the projects that they had done elsewhere, and they were perimeter security kind of systems, but I don't recall whether we discussed that at that meeting or not.

MR. FAULKNER: Can we pin down that date of that meeting a little bit better?

BY MR. HOLMES:

Q I wonder if we could pin down the date of that meeting a little bit better. We were talking about a trip that you took with your family. That's going to have to create some memory in your personal finances or whatever.

A Well, I guess if I could take a look at the calendar.

MR. HOLMES: Absolutely. Take your time. In fact, we can go off the record while you do that.

(Discussion off the record.)

MR. HOLMES: Let's go back on the record.

BY MR. HOLMES:

Q Mr. Lilac, since what you've just said was not on the record, I would like to kind of go over it and summarize it.

You've had an opportunity to look at these calendars; is that right?

A Yes.

MR. HOLMES: Since we're going to discuss them on the record, maybe we should make them part of the record.

(Discussion off the record.)

MR. HOLMES: Let's call this Exhibit No. 4, it being a calendar of the year 1984.

(Lilac Deposition Exhibit No. 4 was marked for identification and submitted for the record.)

BY MR. HOLMES:

Q Now, Mr. Lilac, having referred to Exhibit No. 4, you have located in it a notation that you were in Los Angeles in early January of 1984; is that right?

A That's correct.

Q And would that have been, to the best of your recollection, the trip to Los Angeles from which you joined Secord and Hakim in the Bay area?

A That's correct.

Q After that meeting with Mr. Bamieh did you have occasion to speak with him again?

A Yes, I saw Mr. Bamieh one other time in his office in Rosslyn and again, according to my calendar, I have a notation that I meant, or at least I had an appointment with him, and I know I did meet with him on -- my appointment says it was on the 17th of January. I did meet with him in his office. I'm not exactly sure if we actually made that meeting or not, but I did meet with him once in his office in Rosslyn.

Q And that for sure was after the time that you first met him in San Mateo?

A To the best of my recollection, it was, because as I recall, I met Mr. Bamieh in San Mateo and not here.

Q What was the conversation you had with Mr. Bamieh here in the Washington area approximately on the 17th of January '84?

A What I can recall of it was that Mr. Bamieh knowing that I had a lot of experience in Saudi Arabia and was very well thought of by the Saudis [redacted] he thought that I might be able to provide some assistance to him. To the best of my recollection, right then I don't know exactly I told him about my other activities and things I was doing, but I told him that I didn't think I would be able to do that.

Q Did he provide any specific projects or ideas that he thought you might be of use?

A No, he did not.

Q Have you ever spoken to Mr. Bamieh since that time?

A No, I haven't. No, I don't believe I have ever spoken to him since that time.

Q Have you ever spoken to Mr. Secord or Mr. Hakim about Mr. Bamieh since the post-meeting discussion that you've told us about?

A Again, to the best of my recollection, the only time I ever talked to him after Mr. Secord told me that he and Sam could not come to an agreement, the only time it's popped up since that time is when there has been a story in the newspaper about Mr. Bamieh and General Secord, and even one of those stories had my name in it. We talked about that.

Q You and General Secord did?

A General Secord and I talked about it.

Q About when did that conversation take place? Was it contemporaneous with the time when Mr. Bamieh hit the press?

A Yes, it was. It was associated with that and it was essentially after one or two of those stories came out in which Mr. Bamieh's name was in the paper and General Secord's and then at least on one occasion and maybe more in which my name was also mentioned associated with that.

Q Do you recall where the conversation took place recapping those news stories?

A No, I don't, but most likely it was on the telephone.

Q And what was the conversation?

A Only that he wondered, General Secord was wondering where Sam was coming from. He thought that he was a little bit crazy because he was saying [redacted] had solicited Sam to help General Secord in projects when, to the best of my recollection, it went the other direction. General Secord asked [redacted] if Sam Bamieh was a reasonable enough guy to do business with in Saudi Arabia, and General Secord said that what he knew of Sam Bamieh was that he was a reasonable businessman.

So he encouraged them to talk to each other, but then he reported back later that they couldn't come to an agreement so they parted ways.

Q So you had some understanding that it was Secord who approached [redacted]

A That's correct, about Sam Bamieh, just getting a check on the kind of businessman Sam Bamieh was.

Q What was your source of information on that? Was that from Secord, [redacted] or from both?

A Since it has come out in the newspapers, I know that we've both talked about it. So, to the best of my recollection, I would have to say that it probably was both.

Q All right. So you've talked to both Secord and [redacted] about how Secord, [redacted] Bamieh together?

A Yes, sir.

Q Taking Secord first, and for the sake of brevity let's lump any multiple conversations together, what's his version of how that happened speaking to you?

A Speaking to [redacted]?

Q No, no. What is Secord's version to you about how he, [redacted] Bamieh got together?

A Oh. Secord's version is that he -- I don't know how Secord met Sam Bamieh. Secord says that [redacted] did not introduce him to him. But after he was approaching and was in discussions with Sam Bamieh about agreements on whether they could or couldn't do business together in Saudi Arabia, General Secord asked, and I think he may have even asked through me [redacted] what he thought of Sam Bamieh.

I don't know whether that conversation was between Secord [redacted] or between me [redacted] about Bamieh, but the message was that Secord wanted to get a check on Sam Bamieh as a potential business partner, and [redacted] message back to Secord was that Sam is an okay guy to do business with.

Q So this would have occurred prior to the Los Angeles trip at this point in time?

A No. This happened after the Los Angeles trip. We had no conversations, to the best of my knowledge, before the Los Angeles trip about Bamieh because I don't think I knew Bamieh before that and I think that's when the subject came up. So it would have been in the January '84 time frame in which most of those conversations, whatever conversations there were, would have taken place.

I don't know how long it was before Secord and Bamieh parted ways.

Q So this Secord meeting with Bamieh, the original first meeting of Secord and Bamieh is something that you didn't know anything about until you got the call in Los

Angeles to come on to San Mateo and meet this guy that we want you to meet?

A Yes, that's correct.

Q Now the same ---

A Let me clarify something. That's the first meeting and the only meeting that I had with Secord and Bamieh. I don't know if they met before that or not.

Q I understand, and that much you weren't a party to.

A No.

Q Now as [redacted] what has he told you about his first dealings with Secord on the Bamieh subject?

A [redacted] and I have talked about it, he recalls it the same way, that Secord wanted to check on Sam Bamieh about potentially doing business with him in Saudi Arabia and that he recalls that he said to Secord, yes, to the best of his knowledge, Sam Bamieh was a reasonable businessman to work with in Saudi Arabia.

Q Did you talk [redacted] about the factual accuracy of what was reported in the press about Bamieh or by Bamieh?

A We talked once or twice about the stories that were in the press about Sam Bamieh and, to the best of my recollection, [redacted] thought that a lot of those stories were inaccurate, that they were filled with inaccuracies, especially when it came down to the connection, specifically the connection where it had Secord's name in it, of Secord [redacted] asking Bamieh to work with Secord. He said it was not that way, that it was the other way. So it would have been in that context that it was inaccurate. To the best of my recollection on the entire story, he thought it was fraught with inaccuracies. There were various stories though that were in the paper about Bamieh.

Q Not all of which were consistent among themselves.

A That is correct.

Q Are you familiar with a company by the name of ADG, Arab Development Group?

A No, it doesn't sound familiar to me.

Q Are you familiar with any network of consultants that Mr. Hakim is involved with other than STTGI?

A No.

Q When was your earliest association with Albert

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Hakim?

A To the best of my recollection, I met him on that trip to San Jose that I referred to before in early 1984.

Q Had you ever heard of him before that time?

A No, I had not.

Q In your dealings in the Middle East you had never heard of him before?

A No, I had not.

Q Do you know an individual named Gene Wheaton?

A I don't recall that name?

Q Have you at any time met a man named Frank Turpil?

A No, I have not.

Q Do you know of him?

A Yes.

Q Do you know whether or not he has ever been associated with Stanford Technology Corporation?

A I don't know.

Q If he had been, would that have been of significance to you when you went to work with Hakim?

A Well, because of the notoriety with Frank Turpil

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and his name, yes, I guess I probably would have asked General Secord what was going on if I knew he was around.

Q From your dealings with Hakim in the STTGI context -- well, let me ask this question first.

Have you had any dealings with Hakim other than as a consultant in the Marwais projects with STTGI?

A No.

Q Have you ever discussed any potential business relationships with him other than that? For example, I would have included in this category the conversation with Bamieh. Any other conversations with Hakim about any business deal that didn't go through?

A No, I don't think so, but the question is a little bit confusing.

Q Let me ask it again because I don't want to leave you in the awkward position of answering that question.

I want to know if you have had any discussions with Hakim about any business opportunity, whether or not the business opportunity ever came to fruition?

A Only shelters and shelter projects, and as a part of the shelter project, and this included a

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conversation with General Secord, was that if the shelter project came to fruition in Saudi Arabia they might put a small steel fabrication facility in Saudi Arabia, but that again was related to the shelter project. But beyond that, I don't recall any other conversations on any other business opportunities.

Q Now apart from conversations in which it was contemplated that you might have had a role, I want to ask you about conversations in which you simply heard about business that Hakim was involved in through any source.

Do you understand now what I'm getting at?

A Yes.

Q What knowledge do you have of Hakim's business from any source?

A Apart from that, when I visited Abu Dhabi I knew that he was interested in establishing a broader base of his STTGI capabilities in Abu Dhabi, but that was only because we spent a day and a half at the hotel, and as a part of that where we went to the office to work on the briefing he was talking about just in general terms about the fact that the people he was dealing with in Abu Dhabi that he was looking for broadening his base in Abu Dhabi.

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Q He was there with you in Abu Dhabi?

A Yes. I went to Abu Dhabi and he was already there as was General Secord.

Q Did you ever become privy to conversations about any business he had in Korea?

A Not in specific terms. I was aware from the visit I made to STTGI in January '84 that they had done perimeter defense systems and, as he related to me, they did perimeter defense systems for nuclear power plants in Korea.

Q Do you recall any conversations with him or General Secord about business opportunities in relation to weapons of any kind?

A To weapons? No.

Q The same question with regard to surveillance devices of any kind?

A No. Only surveillance devices are associated with those security systems. So those would be cameras associated with perimeter systems, but not surveillance. To the best of my recollection, no.

Q Have you ever met a man named Robinette?

A Robinette?

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Q Yes.

A No, I don't think I've met Robinette. Robinette is familiar. There is a gentleman by the name of Glen Robinette, I think it is, whose name I've heard, but I don't think I've ever met him.

Q What was your understanding of his relationship with STTGI, if any?

A I think that I heard his name from General Secord, but I don't know the nature of his relationship with STTGI.

MR. HOLMES: I want to change the topic of conversation to a Maule aircraft.

MR. GALE: Pardon me -- off the record.

(Short recess taken.)

(Lilac Deposition Exhibits Nos. 5 through 10 inclusive were marked for identification and submitted for the record.)

MR. HOLMES: Back on the record.

BY MR. HOLMES: (Resuming.)

Q Mr. Lilac, I'm handing you Exhibit No. 5, a

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check for $2,500 on your personal account to Maule Air, Inc., dated 26 June 1984. Do you recognize your signature on that?

A Yes, that's my signature on my check.

Q How did you come to write this check?

A There was myself and four other gentlemen who decided to buy an airplane and we went to -- I think three of us went down to Maule Aircraft in Moultrie, Georgia in which we placed the order for the aircraft, and the $2,500 check was down payment on the order.

As it turned out, I was the only one of the three of us that had a check with me and I wrote the check for it to be reimbursed by the group that was buying the airplane later on.

Q Who was it that was down in Moultrie?

A General Secord and I believe Keith Phillips was with us as well.

Q So the search party was you, Phillips and Secord?

A We were the ones that actually made the trip down to the airplane. We had decided before that that there were five of us who wanted to go in on buying the

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airplane.

Q Who were the other two?

A In addition to those two, there was David Burney and Karl Kaufmann.

Q Now this is a check for $2,500. Had there been a deposit into your account at any time shortly before this check in order to assure that it would clear?

A No. I think I just wrote the check on my account knowing that I had enough money in there to cover it. There was no deposit made specifically to cover that particular check for the down payment on the airplane.

Q This is a down payment on an airplane that was at that time going to cost $77,500; is that right?

A Our purchase price on the airplane was just a little over $60,000.

Q Did you have a sticker price of $77,000 and then it got knocked down at a later date?

A No. At that time when we bought the airplane, we bought the airplane for $60,000. It's kind of like buying a car. There was a list price and we negotiated a price and we got a little bit knocked off the sticker price, but our base price on the airplane was a little over

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$60,000.

Q So you know when you went in that it was going to be a $60,000 plane?

A Yes, I did.

Q The higher price was just the asking price?

A That's correct.

Q I'm showing you what has been marked as Exhibit 6. Do you recognize that document?

A Yes. This is a promissory from the National Bank of Washington which the the four of us took out a note for $60,000 to pay for the airplane.

Q Why is there only four of you on this note instead of five?

A Well, we took it out as a personal note and the four of us were here and Keith Phillips was in Saudi Arabia. So he wasn't available and he was just going to pay for it. The four of us that were local that had local credit and could get a note here, we just made that decision that the four us would take out the note.

Q I notice on this note that it's a $60,000 loan at one percent over the prime; is that right?

A That's correct.

Q And there is no collateral; is that right?

A That's correct.

Q Were there any representations made to the bank in order to assure them of repayment of this note, for example, a pledge of a balance in an an account or a pledge of any other documentary thing of value or anything like that?

A No. To the best of my knowledge, there was none. We called up the banker that we had been dealing with and Mr. Burney and I had our accounts in the National Bank of Washington, and based on the fact that we were good customers they gave us basically an unsecured note for $60,000.

Q Did they know that the purpose of the note was to purchase an airplane?

A Yes. We told them that.

Q And they didn't insist on taking a security interest in the plane?

A No.

Q What was the balance that you and David Burney had in your accounts at that time?

A I don't recall. I would have to check my bank

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account to find out.

Q It was not $60,000 or more?

A Oh, I think it was because both of us had our business accounts and our checking accounts in the bank and I believe that there was more than $60,000 in those accounts.

Q Was that an unusually high balance for a bank account for you?

A No. No, it was not. Again, I would have to check how much I had in my account, but we also had, as a part of our corporation, we have a retirement plan. We had our retirement accounts with NBW as well. So that was not an abnormal amount and the discussion of it being an unsecured note was never a major issue. We called up the gentleman at the bank and we didn't have any trouble getting the note.

Q Now when this $60,000 was loaned to you, you caused a wire transfer to be made to Maule?

A That's correct. I don't recall if I did it or if one of the other gentlemen did it, but we did do a wire transfer down to Maule.

Q And when they received the wire transfer that

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brought their balance to an amount over the purchase price; is that right, and you got a check back for a refund?

A Yes, I guess I did. I don't recall that, but now that you show me that I think that I did get the payment above the deposit because the note that we sent down just covered the total price of the airplane and I didn't recall it until this moment that I had received a check back of the amount over.

Q Does this refresh your recollection on this, and for the record this is Exhibit No. 7.

A Yes, that's correct.

Q And that is a Maule Air, Inc. check for $2,424.95?

A That's what refreshes my memory, yes, sir.

Q Now at the time you took title to the aircraft it was in the name of Lilac and Associates, Inc., is that right?

A Yes, but that was in error.

Q I'm showing you Exhibit No. 8. This is a copy of the Articles of Incorporation of an Corporation named American Marketing and Consulting, Inc.; is that right?

A That's correct.

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Q Now American Marketing and Consulting, Inc. was incorporated by Karl Kaufmann and it's resident agent was Elicia Wagner; is that right?

A Yes, that's correct.

Q Elicia Wagner was one of Karl Kaufmann's employees at his car business?

A Yes. To the best of my recollection she worked for Karl.

Q What was your understanding at the time that this corporation was incorporated as to the purpose and the function of this corporation?

A To the best of my understanding, the corporation was formed to have a limited liability. We formed the corporation to put the aircraft in the name of the corporation and that was the sole function of the corporation.

Q Now the corporation was incorporated on the 3rd of January 1985, some five months after the purchase of the aircraft; is that right?

A That's correct.

Q Why was it that there was a five-month delay?

A Slow paperwork is the only answer that I can

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give for it. We talked about that, that it should have been done before and if we ever had any problems with the liability on it, it could have been a problem for the airplane, and it just took them that amount of time to get around to doing it because we had a meeting in which we talked about the slowness of the paperwork and getting the paperwork done for the airplane.

Q Why was only Karl Kaufmann's name of the people on the note on the corporate papers?

A I don't recall. I think it was simply because Karl had somebody that could draw up articles of incorporation and could do it. It was a very loose knit corporation. As I said, it was just strictly to put the airplane in and limit the liability on the airplane.

Q Was there ever a sale of the airplane from Lilac Associates, Inc. to American Marketing and Consulting, Inc.?

A To my knowledge, there was never a need to have a sale of the airplane to Lilac because Lilac Associates never really owned the airplane. Lilac Associates just filled in the deposit on the airplane and from day one it was to go into this corporation that we were forming for the airplane.

Q Is that sort of a long "no" that there was never a sale?

A Well, there was never a sale because we never thought that there needed to be a sale. I don't think I ever owned the airplane.

Q Meaning you as Lilac Associates.

A Yes, as the President and principal owner of Lilac Associates.

Q I guess you never owned it at all, did you, because you are not in any part of American Marketing and Consulting, Inc. either?

A Well, I'm not a part of it in that I didn't sign the Articles of Incorporation, no, but the five ---

Q Your are not an officer or a director or an employee or anything else either, or are you?

A Well, American Marketing and Consulting, to the best of my knowledge, doesn't exist any more. It bought the airplane, registered the airplane in its name and then did nothing else, and when the airplane went away then the corporation went away.

We didn't really have time to sit down and form, you know, to have minutes of board meetings. We loosely signed, and I think we designated sort of by verbal consent that there were officers in the corporation and, to the best of my recollection, I was voted by the people that formed the corporation as a vice president of the corporation.

MR. GALE: About 90 percent of all closed corporations operate that way.

BY MR. HOLMES:

Q In any event, Mr. Lilac, the way you accomplished the registration of the aircraft was Exhibit No. 9, a letter to Maule; is that right?

A That is correct.

Q And that was just telling them that they should reregister it in the name of American Marketing and Consulting, the Secretary of which is Karl Kaufmann and the President of which is Keith Phillips, right?

A That's correct.

A clarification on this though. The paperwork on the registration was filled out at Lilac Associates. It was never signed. So the aircraft therefore was never registered with the FAA, to the best of my knowledge, with

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Lilac Associates. They clarified it with this letter, and then we signed that registration form that then became a bona fide registration with the FAA with the aircraft in the name of American Marketing and Consulting.

Q All right. To complete this series of exhibits, Exhibit No. 10 is the Maule invoice on that same plane; is that right?

A Yes, that's correct, but I haven't seen this invoice -- I don't recall seeing this invoice before.

Q. All right. How did the plane in your words go away?

A We flew the airplane from the time we got it until 1984, or from 1984. For several months the group of us flew the airplane, that is everybody that owned the airplane, except for David Burney. He didn't have his license and he was pretty busy and he never even got to see the airplane, to the best of my knowledge.

Q Did he ever put any money into the deal?

A David?

Q Right?

A I think David put in $2,000 at the front end, but I don't think he put in any more money.

Q Did he ever get that back or did he just lose it?

A No, he lost that as a part of the investment. We were hoping that he was going to fly. After David decided that he was busy and wasn't able to fly, I don't think that Mr. Burney put any more money into it. He decided that since he wasn't going to fly that we put the rest of the money, that we pay off or continue to pick up the payments on the note. That's to the best of my recollection.

Q Who actually paid on the note?

A In addition to that initial, Karl Kaufmann, Keith Phillips, John Dixicord and myself.

Q Did you divide it into equal quarters and pay it that way by personal checks or how?

A Oh, no. As American Marketing and Consulting we took out an account at the National Bank of Washington. We had an account and we paid -- in all cases General Secord kept the financial records on it. We paid General Secord and he paid the payments that we paid. I don't recall the exact numbers. We paid a couple of payments.

After flying the airplane for four or five months, I had trouble handling the airplane one time and dinged the prop on it. I sort of lost a little bit of interest in it and Keith Phillips was in Saudi Arabia. General Secord felt that the airplane wasn't suiting his needs to fly from point "A" to point "B" and just wasn't fast enough. So we decided that we would sell the airplane.

We put an ad in the paper ---

Q Let me slow you down just a little bit.

A. Sure.

Q It was your understanding that each of you with the exception of Burney was paying a prorata share or was it based on air time?

A It was going to be a prorata share.

Q One quarter each after Burney dropped out?

A Well, it was one quarter minus the amount that Dave Burney paid, and I think he only paid the $2,000. He may have made one other payment after that.

Q All right, but you for yourself paid your quarter ---

A I paid my share of whatever was left.

Q Each time one of these quarterly payments of

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$3,000 plus interest came due you would kick in to Secord or to the bank?

A I don't think we sent anything to the bank. I think we had the account set up for American Marketing and Consulting at that time, and I think we paid it through American Marketing and Consulting.

Q And Secord had that account?

A Yes, Secord had the paperwork on that account.

Q Did you ever discuss with Secord the receipt by American Marketing and Consulting of Wire transfers from a Swiss bank?

A No, I did not.

Q Would it be fair to say from your expression that that surprises you if that did occur?

A Yes, it surprises me. The only wire transfer that I'm aware of that was made to this bank account was the wire transfer when General Secord sold the airplane and a wire transfer was made to pay the remainder of the note off which was about ~~$48~~,000.

Q Okay. Let me put that to the side right now.

Are you aware from any source, Secord or anybody, of any wire transfers to the American Marketing

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and Consulting account from any other source other than this one that you've just mentioned?

A Other than that one, no, I'm not.

Q You've spoken with Secord about how the sale of the plane was eventually done?

A Yes, in general terms.

Q And he discussed with you the fact that there was $48,000 plus interest left on the note and that that was what the four of you were going to get was the note paid off?

A That's correct, it evolved to that point. We had the airplane listed for a higher amount and we were all seeking to try to sell it just by word of mouth. We actually put an advertisement in a trade-a-plane newspaper to see if it could be sold and we didn't get any serious takers on the advertisement. So we just said well let's keep trying to sell it, and a couple of people called us that wanted to trade it. Basically we just wanted to get rid of the airplane.

General Secord had called up one time and said, hey, I think I've found a buyer, but I think all I could get for it is what we've got left on the note, and we all just said fine, go ahead and sell it.

Q Just to pay off the note and let go of the plane?

A That's right, which meant the note was about $48,000 and we paid $60,000. So on the airplane itself we lost about $12,000, plus insurance. Of course, we got the use of the airplane.

Q You referred to a wire transfer that accounted for that $48,000 plus interest.

A Yes.

Q What did Secord tell you about that?

A He just said that the note would be paid off by wire transfer. We had a couple of conversations about when that was going to happen because, to the best of my recollection, we had another interest payment coming due and we wanted to pay the note before we had to kick in. So we wanted the note paid off. Then he called me up.

As a matter of fact, since it was my bank that he was dealing with, I called my bank and asked when it got paid off, I asked for a copy of the note, and the copy that you showed me as an exhibit does have the paid stamp on it.

Q And that is dated August 30th, 1985?

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A In August of 85, yes, sir.

Q Now you had put the plane up for sale for just over $77,000; is that right?

A We put an ad in the paper saying that the airplane's list price was $77,000. We actually put the airplane up for sale, to the best of my recollection, for $59,900, which is basically $60,000. What we wanted to get out of it was what we had put into the airplane. We never did put it up -- I don't think that we ever put it up for sale for $77,000.

Q Did you ever discuss with Secord who purchased the airplane?

A No. No, I did not. He said that he had sold it and that he was working with Raymond Maule to arrange delivery of the airplane but, no, we never discussed specifically who he sold it to.

Q But the plane was at Raymond Maule's place at that time when it was getting sold?

A I think that General Secord took it down there. Subsequent to that time in one of the discussions I've had with one of the committees they told me that it was sold to a company called NRAF and asked me if I knew that company.

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I hadn't except for seeing it in a newspaper story sometime subsequent to the sale of the airplane.

Q Didn't you have a conversation with David Burney after the news came out that the plane had gone to the contras? Did he call you up and ask you if you knew anything about that?

A Well, I think we probably had several conversations about that, yes.

Q Did you have a conversation with General Secord after Burney had called to ask you? Did you call Secord and say, hey, what's up, Dick, and where did this plane go?

A I don't recall that I did. To the best of my knowledge, I didn't in response to a conversation with Dave.

Q Did you ever confirm to Burney that in fact you had checked into it and found out that the plane had been sold to the contras?

A No. The only thing that I recall telling David was that General Secord had sold the airplane and, yes, that Raymond Maule had delivered it out of the country into Central America, but I don't think we ever discussed specifically that it had gone to the contras.

Q Did you ever talk to Keith Phillips about his delivery of another Maule airplane [redacted]

A What, Keith Phillips' delivery of another Maule airplane?

Q Right.

A No. I don't know that Keith Phillips delivered another airplane, but I did talk to Keith Phillips about another airplane because there were stories of about three or four more airplanes being sold and being delivered. I was not involved in them in any way.

I did ask Keith about them and had he heard that the same company that had bought our airplane was buying a couple or three more airplanes from Maule Aircraft.

Q This being NRAF?

A Well, subsequently I was told that NRAF bought our airplane. So I assumed that it would have been the same company, yes.

Q You've never spoken with Phillips about a trip that he took [redacted] in a Maule?

A That Phillips took [redacted]?

Q Right.

A No. The only person that I thought was Raymond

Maule who delivered the airplane in Central America, and I don't know where he delivered it to, but I didn't know that Keith Phillips -- there are surprises all over the place. I know Keith very well, and I would be surprised if he made a trip like that and I didn't know.

Q Who used the airplane while it was in the United States.

A While we owned this airplane?

Q Right.

A. Well, I used it, Secord used it, Kaufmann used it and Keith Phillips used it.

Q Who besides the four of you were in the airplane at the time that it was being it was being used?

A Flying it, Raymond Maule flew with me checking me out a couple of times, General Secord, my wife, a couple of my kids, and I don't know who else; General Secord may have flown in the airplane.

One time General Secord and I flew it here locally and we flew a friend of ours from Saudi Arabia from one field to another here inside the Washington area. He name [redacted] but that was just one flight. Other than that I don't recall anybody else that few in the airplane.

Q It's a two-place plane, isn't it?

A No, it's essentially a four-place. It's not too dissimilar from a Cessna 172, a small airplane, but there is a small jump seat behind where the passengers sit where you could put -- theoretically you could put two kids. I've never had more than five people in the airplane, but it's weight limited when you do that and you can't put full fuel in it when you try to use that extra jump seat. You could fly four people reasonably comfortably.

Q Was there a log book that would have recorded the flights and who was present?

A We had a lot book in the airplane that I don't have. Each pilot keeps their own log book and normally keeps track of their own flying. I had my own. There was a lot book in the airplane that we kept with the airplane just to keep track of how flying it did and the maintenance or fuel that people put in the airplane, but those log books would not indicate who flew in the airplane. It's not a requirement and not normally done.

Q I notice in the documents that you produced to the House that there was a sheet that appeared to memoralize all of the hours that each of you had flown in it.

A Yes.

(Lilac Deposition Exhibit No. 11 was marked for identification and submitted for the record.)

BY MR. HOLMES:

Q And there are several lengthy trips noted out on that sheet. Do you have any knowledge of where those trips were taken and for what purpose? I'm showing you what has been marked as Exhibit No. 11.

A Yes. This is a handwritten accounting that I did, it's in my handwriting of the flying hours on the airplane. I would know by cross-checking specifically against my log book where I flew the airplane to. In some cases these are composits of flying hours because the airplane doesn't -- for instance there is a log here of 13.3, and the airplane doesn't fly 13.3 hours. It only flies about -- well, I remember flying it a little over five hours one time, 5.7, something in that range. So it doesn't fly too long. But I would know where the aircraft flew for me when I was flying it, and the airplane flies at about 120 to 125 knots.

To the best of my knowledge, all of these flights are either in the local area or such places I went to, Atlanta, George where my daughter was going through training, the Atlanta area. So I flew it on a fairly long -- out and back from here from here down to Georgia and back.

Q Where did you get these figures from? Are these from a log book?

A These are from the log book on the airplane; that's correct.

Q Where is the log book now?

A I don't know the answer to that. It was with the airplane and that is where it was kept. It was always kept in the airplane. Pilots keep their own personal log book which I had mine back at home.

Q Do you have any knowledge from discussions with any of these people or any other source who they may have been carrying around in that airplane?

A Yes, in a couple of instances with Keith Phillips, his son and his wife flew in the airplane. General Secord, a couple of times I flew with him locally.

I flew with Karl Kaufmann once or twice, but beyond that I couldn't specifically say who was in the airplane when they flew it.

Q Was the airplane ever used for entertaining businessmen or quasi-commercial reasons like that?

A Well, I think it was used for a business trip. that was one of the purposes we bought the airplane. Karl Kaufmann, who happens to be a car dealer, told me he flew the airplane a couple of times to a car show. Secord flew the airplane a couple of times down to Florida where he said he had to go down to give a talk. So it went down and back there. In my case I don't think I flew in a business purpose on any of those.

[redacted]

Q And since your retirement you've sort of

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specialized in Saudi Arabian business opportunities?

A Oh, yes, even before my retirement when I worked in the Pentagon I was specialized in Saudi Arabia. Since my retirement I've formed a consulting business and I consult with several major U.S. firms in focusing on Saudi Arabia and the Middle East.

Q Did you ever consult with anybody in Saudi Arabia in regard to an aircraft in the United States?

A Yes, I do consulting work with the Saudi Arabian Embassy, and part of that effort in consulting with the Saudi Embassy has been in conjunction with aircraft that the Saudi Government has had in the States and doing modification work on them, yes.

Q Did any of those deals have anything to do with Mr. Bamieh?

A No.

Q Were you connected in any way with Mr. Phillips' current employment at Litton?

A With his employment at Litton?

Q Right.

A When they hired him I made a recommendation that he would be a person to hire. They asked me about him.

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Q Are you a registered agent?

A For Saudi Arabia?

Q Yes.

A No.

Q Why is that? I'm not familiar with those regulations. Is there some reason for that?

A My work for the Saudi Arabian Government is primarily in the aviation and communications areas, and by the rules and on the advice of my corporate counsel here I didn't think it was necessary. I didn't think it was necessary at the time, and I looked at it recently and they said we think that your decision was right.

Q You were first familiar with -- well, perhaps I should ask you when you first became familiar with the contra issues?

A I don't recall -- when I was working at the White House on the 150 account I don't recall the contras being a topic that came into my realm of responsibilities. I never really bounced up against the contras.

I would say El Salvador and the rebel situation in El Salvador was the only real thing we focused on in my area while I was at the White House. I would say it was much after I left then the subject became much more publicly known.

Q Perhaps we could broaden the subject matter to anti-communist concerns in Central America. Would that make you feel comfortable about ---

A Well, I guess that then it would back me up into the time from the time I came to the White House, when I started working the 150 account and we were concerned about rebels in El Salvador and supporting the government in El Salvador.

So the portions of that worldwide budget that I dealt with that had to deal with El Salvador, I would attend meetings in the budget process and the interagency process and either would attend with another regional expert from the NSC or if there were some issues that I thought were germane I would come back to the NSC from a general meeting and I would go and talk to the regional guys and focus in on what I thought might be an issue that they ought to be aware of or be involved in.

Q Did there come a time when you were in contact with Bud McFarlane over these general concerns?

A Not with Bud McFarlane, no. Mostly, if you're

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talking again about communist efforts in Central America it would have been the regional guys, and by the regional guys, Roger Fontaine and Ollie North.

Q Did you ever discuss anti-communist efforts in Central America with Bud McFarlane?

A To the best of my knowledge, no.

Q Have you ever discussed with Bud McFarlane any financial assistance to anti-communist efforts in Central America?

A No.

Q Have you ever discussed with him any financial assistance to any anti-communist efforts anywhere in the world?

A No.

Q You mentioned Ollie North. When did you first meet him? Is that when you first arrived at NSC?

A No. I met Ollie in 1981 during the debates on the AWACS sale to Saudi Arabia.

Q And his involvement in that was through the NSC?

A That's correct. He was assigned to the NSC. I was not assigned to the NSC at that time, but yes.

Q Have you ever discussed any financial assistance

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to Central American anti-communist efforts with Ollie North?

A Only as a part of the process when I was at the NSC on the security assistance budget.

Q What were the concerns that you and he discussed at that time?

A It's hard to recall specifics, but in general terms it requires sort of a more detailed discussion of the budget process. Basically Ollie was concerned that El Salvador got their share of the piece of pie. Now there is a pie that's the security assistance budget, the 150 Account around the world, and as other competing priorities around the world get more attention and the Congress only allows us to have a certain amount of money and they always seem to squeeze it down, then everybody gets squeezed.

So Ollie was just concerned that his piece of the pie could be as big as our priorities would allow it to be.

Q Did you ever discuss with North or anybody else a contingency plan for continuing aid to anti-communist causes in Central America in the event that Congress squeezed the Central American Budget too much?

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A No, we did not. Are you talking about while I was at the NSC or since that time or any time?

Q The question was any time.

A No.

Q Have you ever transported or possessed any amount of cash over $5,000?

A No.

Q Have you ever discussed any such activity as it might have related to Oliver North?

A No.

Q You never talked about that subject with anybody, moving cash?

A No.

Q Have you ever discussed the movement of cash specifically to or from or between the United States and Central America?

A No.

Q Have you ever discussed any Swiss bank accounts with Oliver North?

A No.

Q Any other bank accounts other than in the United States?

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A No.

Q The same question with regard to Richard Secord.

A No.

Q Albert Hakim.

A No.

Q When Secord told you that there was going to be a wire transfer to cover the $48,000 plus left on the Maule, did he tell you where it was coming from?

A No, he didn't. He just said that the company that was buying it would be wire transferring to pay off the account.

Q He didn't tell you from what country or from what bank account it was coming from?

A No, he did not.

Q And you didn't ask him?

A No, I did not.

Q Have you ever heard from any source about a transfer of cash over $5,000 to or from a public official in the United States?

A No, I have not.

Q Have you ever been with Secord and North at the same time?

A Yes.

Q On how many occasions?

A Once. Well, more than that. That's not true. Once since I left the White House, since I left the Air Force. Before that I was probably with North and Secord perhaps during the AWACS debates on perhaps a couple of occasions because we used to have group meetings in which we were discussing briefings and things.

Q The three of you were fairly heavily involved in the AWACS project from different angles; is that fair to say?

A From different angles, but Ollie North was really a minor player. Ollie North and two other officers assigned to the NSC were essentially what I called the command post for scheduling. We had to give many briefings and they may have gone into more than a hundred. Ollie North and two other officers kept track of who we briefed, what the feedback and what the follow-up actions were, but Ollie was not -- he was not the primary point of contact for us at the NSC.

Q They were sort of your dispatchers and they would send you here and there and make sure you got knew

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where you needed to be?

A In a way, yes. Ollie North might call my office or me and say would you meet Dick Allen at Senator So and So's office this afternoon at 4 o'clock for a briefing, but that was in a much minor fashion.

As a matter of fact, I don't recall specifically that Secord would have gotten to know Ollie North at that session, but the odds are that in one of the general meetings that we were at that Ollie and the other two officers would have been there just reviewing what our next actions were.

Q So yours and Secord's were the major roles and NSC's role was a smaller one?

A No. Secord and I, as were many other players, were part of that process. General Secord as the Deputy Assistant Secretary of Defense had higher responsibilities than I did, but during the summer of 1981 we divided up into basically three teams to cover all the requirements that we had for briefings. I was the technical briefer with one team and Secord was the technical briefer with another team.

The President had assigned Dick Allen to be the

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senior point man on the AWACS issue and we all worked basically under his guidance. I attended briefings with Dick Allen and I also worked with other people from the State Department. So I wouldn't want to say that Secord and I were major players, but we were in fact primary technical briefers for the entire effort.

Q Other than in relation to the AWACS project, while you were employed by the government you've only been with North and Secord once?

A Yes, that's correct.

Q All right, and when and where did that occur?

A As I said, that was after I left the government. It was not while ---

Q That was my question, after you left the government.

A After I left the government, okay, yes, one time.

Q That's narrowed down to one and when was it?

A That was in early 1985, probably January or February, January probably.

Q Where did that occur?

A At the NSC, in Ollie North's office at the NSC.

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Q Who else was present?

A No one was present when we were having a chat. It was more of a social kind of thing, but no one else was present at that time. We went to the NSC. I was there for two reasons. I was talking with another officer at the NSC and Secord asked me to join he and Ollie North for a discussion.

Q And who were you talking with?

A I was talking with Jim Stark.

Q What was that about just very briefly?

A I'm not sure. I think it was something associated with -- well, I had spoken with Jim several times and also Don Fortier. I get calls from them now and then just asking me about things associated with what I had done before, sort of OJT and new people, training new people.

Q AWACS residual [illegible]

A Security assistance budget residual stuff primarily and some AWACS residual stuff, yes.

Q What was the subject that Secord wanted you to discuss with North and him?

A It was associated with Ollie's career pattern.

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Ollie North was at that time being considered to be sent off to the Navy War College in Newport, and since I had left the NSC a year before and had gone from the NSC and the Air Force had wanted to send me off to another assignment and I didn't do that. I elected to retire.

Secord thought that at my career pattern and time in life I could provide some sort of informal professional counseling to Ollie about the pros and cons of him going off to a school that would take him out of the Washington area when he was heavily involved in projects that he thought were important for him to stay in Washington.

Q And how did the discussion go when you joined it?

A Well, in general terms it was that the Navy wanted him to go off to War College and he was wondering, in his own mind wondering whether it would hurt his career if he attempt to resist that assignment and stay in Washington and he talked about whether he really needed to go on to further professional military education or whether he could get into the National War College which would keep him in the Washington area or whether he could just say

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that he didn't think he needed to go to the War College at all because when he finished his 20 years he was probably going to retire anyway and maybe he didn't need to worry about his career progression steps professionally.

He at that time was very heavily involved in Central American efforts and thought that his presence in the process was important and he didn't want to leave something half undone.

Q Did he describe that involvement to you?

A No, he didn't really describe it. You know about it in general terms because it was more in the papers at that time, but he did give us, or at least he gave me, which was news to me, a little bit of a briefing on the situation, with the situation that the contras were finding themselves in in Central America.

Q Particularly their financial straights?

A No, it was more their military situation and it related to the financial support that they could get from the United States, but it was more specific. Really the pictures in his office, he had a bunch of photographs and stuff of wounded contras, and I remember specifically the story told to me about a Miami doctor that was giving up

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long weekends to go down and serve as a doctor in the hospitals [redacted] when the rebels were brought back wounded.

But it was basically sort of, like Ollie does very well when he's going out and giving talks, as I understand. It was sort of ginger and sympathy and Ollie was very enthusiastic about his support and his need for the United States' support for that. But the main purpose of it was this professional discussion. We sat there and chewed it over a little bit. We had a couple of beers and chatted about it and decided that Ollie would make an attempt.

I gave him my advice that said I didn't think that in the long run it would really hurt his professional career if he did try to fight the system and avoid an assignment to Newport.

Q Did you ever discuss with Ollie North at that time or any other time [redacted]?

A No, I did not.

Q Did you ever discuss with Ollie North [redacted]

A With --

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Q Did you ever discuss with Ollie North [redacted]

A No, I did not. Only in the past [redacted] but never in connection with financing or anything like that.

Q The same questions with relation to Bud McFarlane. Did you ever talk with Bud McFarlane about [redacted]

A About [redacted] no. We talked about [redacted] with Bud McFarlane in general terms and things like [redacted] And during my time at the NSC Bud McFarlane and other people on the NSC staff because they knew I knew [redacted] interested in, where's [redacted] do you know? It was just sort of from a personal nature, but we never discussed funding.

Q Did you ever discus [redacted] with McFarlane?

A No, I never did.

Q Now a long time ago we said we were going to get back to this original approach that Secord made to you about the contras and we're back there.

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A Okay.

Q Could you lay it out to me in as much detail as you can recall, this original approach that Secord made?

A Well I think I stated it all before as much as I recall about it.

Q We kind of creeped into it, didn't we.

A Well, we did, but the specifics, to the best of my recollection, Secord said that he wanted to talk to [redacted] about whether it wouldn't be [redacted] He prefaced that with saying that he wanted to see [redacted] [redacted]. Then we talked about what he wanted to see him about, and then he told me that.

Then I took that and after some time, and I don't remember exactly how much time, but it probably was within a few days probably, probably the next time I saw [redacted] [redacted] and mentioned [redacted] that General Secord would like to see you.

What does he want to see me about? And I said he would like to see if it wouldn't be in your best interests to [redacted] told me in no uncertain terms that that was ridiculous and he wasn't interested in seeing him.

Q You placed that conversation in early '85?

A Yes.

Q And also the conversation with North and Secord in North's office in early '85. Can you tell me which of those took place first?

A I think the session with, the counseling session as I call it, the professional counseling session with Ollie I think took place before this conversation.

Q . And can you tell me if you had any discussions at all with [redacted] during that same general time period?

A If I had any?

Q Yes.

A No, I didn't.

Q Did you have any discussions with him while he was here?

A No, I did not.

Q After he was here?

A No, I did not.

Q So your contact with him was limited during that period to contact [redacted]?

A That's correct. The only time I [redacted] was at a dinner that he gave and I shook his hand going through a reception line.

Q Have you told us every conversation that you've had with Secord about contra aid, and I don't mean to ask a difficult question, I'm making a very broad question now, broader than just contra aid [redacted] I want to find out if you've talked to him about any form of contra aid in a conversation you haven't already talked about?

A No. Only that in the last several months since this Iran contra affair got started, I've had a couple of conversations with him no the telephone.

One I recall specifically was him calling up and saying, hey, I'm sorry your name got dragged into this thing with that dumb airplane that we owned which was the original tie that got my name tied to his and the situation. But we've had several conversations over the phone in general terms about how are you doing, but I've only seen him that one time that we talked about before.

Q In any of these phone conversations did he discuss or explain to you his involvement in aid to the contras in any way, financial, physical, military or otherwise?

A Well, he spoke about it generally a couple of times. When I asked him how he was doing, he said yes, he says I've helped, and he says I helped because I was asked to help and I haven't done anything illegal and he repeated that several times to me, but generally that's the crux of any conversation I've had with him has been along those lines.

Q Let me ask you the same question with regard to his involvement in the Iranian arms deals. Has he ever explained to you anything about the facts of his involvement?

A No.

Q Do you know or know of a person named Theodore Shakley?

A Yes, I do know him.

Q How do you know him?

A I met him about -- well, sometime while I was in the Air Force he was working with a company called KACI, and I don't know what the acronym stands for, and it was associated with some services that KACI was providing. I don't recall if it was for Saudi Arabia or Egypt, but I met him on one occasion.

Q What was the occasion?

A I don't recall exactly when it was. I think it was while I was at the NSC but it might have been while I was still with the Air Force. More than likely it was while I was still at NSC if he was talking in general terms about something that KACI might have been doing for Egypt, but it was a short meeting and I only met him on one occasion.

Q What was KACI doing?

A They were providing, let's see -- through another gentlemen I know that they did some analytical studies for Egypt, but beyond that I don't know.

Q You said through another gentleman or with another gentleman?

A Yes. I said KACI, the only recollection I have of what they do is that another gentleman that I knew who worked with KACI, and they were doing analytical studies for Egypt in the area of command and control.

Q Who is this other gentleman you know?

A Joe Vecchio, but he's not related with Shakley. I didn't meet him with Shakley. He doesn't even work with them any more. He doesn't work with KACI.

Q Have you ever spoken to Shakley since?

A No.

Q You've had no other dealings with him since?

A No.

Q Do you know of a person named Tom Clines [redacted]?

A I've never met him. I've read his name recently. But I don't know. I've never met the guy.

Q Did Secord ever discuss him?

A No, he did not?

Q Did Hakim?

A No, he did not.

Q Did either Secord or Hakim ever mention anything about the procurement of arms in Europe for the contras?

A No, they did not.

Q Have you ever been to Central America?

A I've been to Panama in 1970 I think it was doing tests on a A-7 as a pilot for the Air Force.

Q Is that your only trip to Central America?

A I went to Panama to a SouthCom, Southern Command conference, and I can't recall exactly whether I was still at the Pentagon or whether it was when I went over to the

NSC, there was a conference in which they brought all their country people together to discuss security assistance needs. So it was either as the Deputy General Secretary for Policy on Security Assistance or it was after I went to the NSC. More than likely it was after I went to the NSC and it would have been in the '82 time frame.

Q What was your purpose in being at the conference?

A Just to attend the conference and to hear the briefings that people gave from Central and South America about the situation in the region.

Q Have you ever had a bank account in Panama?

A No, I have not.

Q Have you ever had any bank account in any country other than the United States?

A No.

Q When I say "have" I mean have any control over or access to.

A No.

Q Nothing like that.

A No.

Q Do you know Richard Miller?

A No, I do not.

Q Spitz Channell?

A No.

Q Carl Channell?

A No. I've read the name in the paper, but I don't know them.

Q Naturally I mean other than what you read in the newspaper.

A No.

MR. HOLMES: Would you like to ask some questions?

MR. BOBBITT: Yes. I have just a couple of things to go over, material you have already been over.

EXAMINATION

BY [redacted]BITT:

Q Were you at the NSC when the Political Military Section was set up?

A Yes, I was.

Q Can you tell me what was behind that? Was Fortier the driving designer behind putting a PM section in the NSC? [redacted]

A I don't know the motivation really behind it. I was working with a gentleman by the name of Bob Kimmitt and there were sort of several things that were going on. There was security assistance and the arms transfer process and then there were the guys that were attached to the regional folks but they were military officers, and Don Fortier was working in another section, and I think it was primarily Bud McFarlane and Don Fortier perhaps along with this other reorganization that was going on where Bob Kimmitt moved up to Executive Secretary that sort of just lumped us all in together, but the real motivation behind it, I don't know.

Q So after the reorganization foreign assistance became part of PM?

A Yes. I worked essentially for Don Fortier.

Q When did North become part of Political Military?

A At that same time. It just kind of came together.

Q It pulled all four, then, of the military people in?

A It pulled all four of the military people together. I was called a Director. I was the senior ranking of the group, and the other guys were called Deputy Directors because they were Lt. Colonels basically and one was a junior Colonel, but I wasn't their boss. We all had our own accounts. It was just four different kinds of things that were -- it was more than four, but we all had our separate things that we did and we all reported directly in a single line to Don Fortier.

I sometimes sat in for Don Fortier when it came to administrative budgets and secretarial overtime and things like that.

Q Did North's role change when you organized PM?

A To my knowledge, it didn't. He had the counterterrorism accounts and the Central America Political Military stuff and from my observation it didn't change. But it's important to know that in the NSC it's a thin staff. [redacted] So I went off and did security assistance stuff and he went off and did his stuff just like everyone else, and in a lot of cases the worst person to talk to about what the guys in the NSC did was one of their colleagues.

Q Well, what puzzles me is that North goes from being a, without trying to downgrade his role, I would almost say an easel carrier in the AWACS period when he's detailed to NSC to taking on the Central American counterterrorism accounts under the reorganization, and that occurs at a time when you're also at the NSC and I just thought you might help me understand that change in role.

A Well but you've got a break in there. Remember the AWACS work for the NSC ended on the 28th of October 1981. We, we're talking at least, and I don't remember exactly when the Political Military Sector was formed, but there was an evolution of a period of one year and Ollie North and the other people who were spending a lot of time on AWACS went to other things. So their responsibilities seemed to grow during that period. So I don't think it's a steep jump from an easel carrier to a major responsibility.

Q I see, or at least I see it more clearly.

Would you describe your relationship to Mr. McFarlane?

A I met Mr. McFarlane in early 1981 when he was working at the State Department as a counselor to Secretary Haig. It was again associated with the AWACS that I met Mr. McFarlane. We went through the entire AWACS issue. He

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was still at the State Department.

Over the period from the end of 1981 when he went over to the NSC as a Deputy to Judge Clark, he and -- well, more specifically Bob Kimmitt is the one who asked me if I would be interested in interviewing for a position at the NSC, that they were interested in finding someone who knew security assistance and foreign military sales. So I came over, and I guess that McFarlane would have been one of the guys who would have endorsed me because of the experience that he had with me during the AWACS.

So Kimmitt and McFarlane I say are the guys that asked me to come over to the NSC, but I didn't really know Bud on a social basis. I knew him on a more formal basis in working at the NSC.

Q Did you report to him?

A No. I reported initially to Bob Kimmitt and then after that to Don Fortier.

Q I gather that you don't recall a great many corridor discussions or anything about contra funding in A-3. You were about to leave anyway.

A I think there was very little going on at that time, and if it was going on, it was going on perhaps in the covert area, and I had no responsibilities in covert or any of the CIA budget work. Mine was strictly the State Department 150 Account.

(Counsel Gale gets up and stands behind his chair.)

MR. BOBBITT: Would you like to break?

MR. GALE: No, that's okay. Go ahead. I'm taking a break.

MR. BOBBITT: All right. I haven't got but about five more minutes in going through this.

BY MR. BOBBITT:

Q It seems from what I've heard and read that a lot of people seemed to have approached you when they want [redacted]

So it wouldn't have been odd, I take it, for Secord to approach you as it did in the spring of '85?

A No, that wouldn't have been at all abnormal. Yes, you're right, people do call me up now and then when they would like to try to [redacted]

Q Secord has, however, a relationship [redacted]

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[redacted]

MR. BOBBITT: You haven't had a chance to get in here much.

EXAMINATION

BY MR. FAULKNER:

[redacted]

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[redacted]

Q On another subject, I'm reminded by my notes that there may have been a business opportunity that Keith Phillips was developing in relation to hangars or steel buildings. So you know anything about that?

A Other than discussions that we've had about the general terms about the shelters because ---

Q Did Phillips have any role in the shelters?

A Well, when we went to Saudi Arabia and on a couple of occasions when we were there we were talking about the people that we were talking with and, yes, he

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knew about General Secord's efforts to try to sell shelters, and as a part of that one time when we were in Saudi Arabia and went to Daharan he went with us on a tour of the existing shelters. So, yes, he was aware of what we were doing and he was involved to that extent.

Q Did he have any competitive role or possible opportunity of his own in that regard?

A Not in regard to shelters, no, I don't think so. To the best of my knowledge, he didn't.

Q Is there anything, knowing as you do from the press at least what we are investigating, that would be helpful for us to know that you know of indirectly?

MR. GALE: I kind of object to that question. We don't want to get involved in any speculation, and I don't think that's a fair thing to inquire into, speculation.

MR. HOLMES: I don't mean to ask you to speculate. I mean to ask you to take this opportunity to help us in our inquiry if you have other things that we simply haven't touched on that you know of.

THE WITNESS: No, I really don't. I can't think of any areas that you've left unturned.

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I've got my own opinions of course about a lot of things, but nothing ---

MR. HOLMES: Well, I appreciate your cooperation with us, and I have no further questions.

Is there anything that you would like to make a record on ---

MR. GALE: No, I have nothing.

MR. BOBBITT: I would like to get one thing clear in my mind. You have never had a discussion with McFarlane regarding [redacted] . [redacted]

THE WITNESS: I never have. As a part of my security assistance responsibilities in the past there have been in the interagency process general discussions about [redacted]

That was while I was in the government and as a part of my responsibilities, but since that time we have never had any discussions nor even then did we have any

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discussions about [redacted]

MR. BOBBITT: And no discussions with Secord on a similar topic save for one approach in the spring of '85?

THE WITNESS: That's correct, in the one approach and then my reporting back to him that he wasn't interested in talking to him. To the best of my knowledge, unless we replayed that same conversation back again, we never talked about it in any other terms except for that approach that he wanted to make [redacted]

MR. BOBBITT: And no discussions with [redacted] except the reaction to the Secord approach which you've accounted for us [redacted]

THE WITNESS: That's correct, and in general terms reaction to [redacted] too, but we've talked about the Iran contra thing just as a matter of being together when we were watching the news together.

MR. BOBBITT: But really only after it hit the press.

THE WITNESS: That's correct.

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MR. BOBBITT: Thank you.

MR. HOLMES: Thank you very much for coming.

THE WITNESS: You're welcome.

(Discussion off the record on the reading and signing of the deposition to be done in the offices of the Select Committee due to the sensitive nature of the materials discussed.)

(Whereupon, at 5:40 p.m., the Deposition of ROBERT H. LILAC concluded.)

* * * * *

I have read the foregoing pages through , inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded. Signature is subject to corrections.

ROBERT H. LILAC

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CERTIFICATE OF NOTARY PUBLIC

COMMONWEALTH OF VIRGINIA)
) ss.:
COUNTY OF FAIRFAX)

I, MARY C. SIMONS, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in stenomask to the best of my ability and thereafter reduced to word processing by me, that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Mary C Simons

Mary C. Simons
Notary Public in and for the
Commonwealth of Virginia

My Commission expires
August 19, 1988

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DEPOSITION OF COL. JAMES B. LINCOLN

Tuesday, July 21, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of COL JAMES B. LINCOLN, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 1:35 p.m., the witness having been first duly sworn by JANE W. BEACH, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by JANE W. BEACH and transcribed under her direction.

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by D. Sirko, National Security Council

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Col. James B. Lincoln		
By Mr. Saxon		
By Mr. Kreuzer		

EXHIBITS

There were no exhibits marked in this deposition.

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P R O C E E D I N G S

Whereupon,

COL. JAMES B. LINCOLN,

called as a witness by counsel on behalf of the Senate Select Committee in the above-entitled matter and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. SAXON:

Q If you would, sir, give us your name and rank.

A James B. Lincoln, Colonel, U.S. Army.

Q What is your current assignment, Col. Lincoln?

A I was just recently reassigned as the Chief of the Office of Project Management in the Army Materiel Command Headquarters in Alexandria, Virginia.

Q And immediately prior to that, what was your position?

A I was the TOW Project Manager in Red Stone Arsenal, Alabama.

Q And I believe it was in that capacity in which you were involved in the matters of investigation by our two Committees. Is that correct?

A That's correct.

Q Colonel, if you would, let's go chronologically through your involvement with what became

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by D. Sirko, National Security Council

Project Snowball. That is, the requirement that the Army provide to the CIA TOW missiles, and simply tell us when that involvement began.

Q My first involvement and the involvement of my office in the Army Missile Command, as far as I know, started with a phone call to me in about the mid-January 1986 time frame from Maj. Simpson, Department of the Army, DCSLOG, Deputy Chief of Staff for Logistics Office, and he alerted me to a rather unusual mission involving preparing and shipping a quantity of TOW missiles for a customer that was not mentioned by him.

He further stated that there would be no paperwork. This would be handled with phone calls, and that he would be my only point of contact. We just started to work the details from that very first phone call.

Q And that would be Maj. Christopher Simpson. For the record, he was the Army Action Officer on this project. Is that right?

A That's correct.

Q You said that he gave you a rather unusual request. You may have answered already with what followed, but for what reason would you characterize it as unusual?

A Well, first of all, getting a call at home at night; and getting a description of a military requirement, or a mission that he wanted me and my office to perform. I don't think there had ever been anything quite like that before, either for myself or for the Command, or certainly for any requirement for the TOW project to perform it in that way.

And some of the questions that I asked he wasn't able to answer--such things as when? Where? How? The normal kind of questions you might ask. He said, those details are still uncertain.

Such things as informing the chain of command such as my boss. I was specifically told that was not permitted; that I was to involve the absolute minimum number of people necessary to do the mission, and that I specifically could not tell my boss what was going on.

Q Had you ever been involved with a mission in which you had those kind of constraints and conditions?

A Not directly, but we did have a previous mission involving an [redacted] we found out later, but it was not anywhere near as sensitive or close-hold as this particular mission was.

Q What was the number of TOWs you were initially told you would be shipping?

A The number varied greatly. Initially, he said as many as 4500. Well, he didn't use the words "as many." He said, the quantity has been stated by "his customer," and he kept referring to "his customer" as 4500.

And in fact, for the first few days as we began to look into executing the mission, that was the number. Then shortly thereafter, perhaps within three or four days after that, the number was changed dramatically and went down to about 2500.

Q The first shipment was to be 1000 TOWs? Is that correct?

A I don't recall if right during the initial conversations that a first shipment, or a quantity of 1000 was mentioned. I don't believe it was. It wasn't determined at that time yet.

Q Did Maj. Simpson ask you what the status of our stockpiles was of TOW missiles?

A I don't believe that he did. I told him that this was going to have an obvious impact on our stockpile, which really even though these were so-called "basic TOW missiles" which are not our better or our best missiles by far, they still are part of our war reserve and they would have an impact. But I don't recall that he ever asked that, or that I was asked to express an--or comment on what would happen, or would be the impact on our stockpile.

Q I wasn't asking you specifically on the question of readiness, per se, but simply whether he wanted to know from the very outset with his first question what our stockpiles were--in other words, could we meet the requirement?

A Oh, yes. He did ask in that context, do you have sufficient stocks to satisfy this mission? And I said, I don't know; I'll have to check.

Q I want to say for the record that if I make reference to the fact that you told us previously, or that when we discussed these matters previously, what I have in mind is the fact that on April 7th there were three of us from the Senate Committee, myself included, who met with you.

I believe you told us that you received a second phone call from Maj. Simpson shortly after the first one in which he specified a specific model number. Is that correct?

A Yes. He had apparently looked in the Army catalog--

Q That would be the Army Master Data File, or AMDF?

A Right. AMDF, Army Master Data File. And there are many versions of TOW missiles listed in there, and he had apparently picked the one out that he wanted. He gave me a very specific model number.

He further told me what the price was, the price that he took out of the Army catalog. He told me that was what his customer wanted.

Q He specified Basic TOW?

A Yes.

Q And was the price he gave you $3,169?

A Yes, the price that he had looked up. And I made a comment that we'd like to go verify that, which we did. And he had looked it up correctly; it was the correct model number, correct price, and in a later conversation we confirmed that with each other.

Q And did he indicate what condition the missiles should be in?

A Not at that time. In a later conversation he made the comment that the missiles must be in Condition Code A.

Q What does that mean?

A That means that the missiles have no restrictions of any kind. They can be fired under any conditions, fired in training, and there's no restrictions at all.

I told him that the missile that he had specified to me was not in Condition Code A; it was in a condition code that really prohibited it from being fired in training.

Q That would be "Condition Code N"?

A Condition Code N, November. And I didn't know for what purpose he wanted these; maybe that was no problem. But he immediately came back and said, the missiles must be in Condition Code A. And I said, well, then, we're going to have to look at a different model, or a different missile, because the ones you specified are not in Condition Code A.

Q And what did you do then to either come up with a different missile or to make that missile in Condition Code A?

A We checked the stocks again and there were a couple of options. We could convert that missile to Condition Code A by installing a safety device, or finding a stock of missiles that had the safety device installed. The safety device is called a "missile ordnance inhibit circuit," "MOIC."

But we had to determine that we had enough MOICs on hand, and that we could in fact install them on an assembly-line-type operation. We determined that we did not have adequate MOICs on hand.

So we looked for another option. That was, missiles that met the requirement by either being in

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Condition Code A or already having MOICs installed. We determined that we could not meet this requirement of 2500, or certainly 4500, and that we would have to do some kind of conversion.

And we relayed that to him, that we didn't have adequate stocks.

Q Before we get to the conversion, I assume you're talking about the ITOW downgrade for that conversion. Is that correct?

A Yes.

Q Before we get to that, I assume you communicated back to him that you could take the MOIC and put it on the basic TOW and that would bring it up to Condition Code A. Is that right?

A That's correct.

Q And did you get authorization from Maj. Simpson to do that?

A Well, the first part of the conversation got to the price.

Q The price of the MOIC?

A The price of the MOIC, and the impact or the effect on the price of the missile. We said, or I said, or somebody said--and this was a combination of not just me, but other people in my office--that in order to get a

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missile with a MOIC, or to put the MOIC in, there is going to be a delta. There is going to be an increase in the price.

And he said, well, how much? We said that MOIC cost about $300, roughly, including installation. So he said, okay, let's take the price that we agreed upon, $3169, and we'll add $300 to it. And he and I just agreed to that. That sounds reasonable.

My people more or less agreed with that. Once again, this being a very unusual mission, and this was a rather unusual way to get into the price, but we just did what seemed logical at the time. So we agreed that the price of a Condition Code A missile would be the $3169 plus $300, and that's how we arrived at the price that went throughout the entire operation, the per missile price of $3469.

Q Was Maj. Simpson the only person that you dealt with outside of MICOM?

A That's correct, up until the time he departed the job and another individual replaced him.

Q That would be Lt. Col. Armbright?

A That's right.

Q To go back, when Maj. Simpson said that this was to be a close-hold, or no notes, or few people involved, exactly how did he put that? And did he tell you why that was necessary?

A He said that it was a very sensitive mission, very few people in the Department of Defense and in the Government were involved in this mission, and that I was to involve only the minimum number of people that were absolutely necessary to execute the mission. And basically the fact that it was a very sensitive mission.

Q Did he tell you who had given him the mission?

A No, he did not.

Q Did you ever know that the missiles were going to the CIA?

A No, I did not.

Q And, just for the record--although I think it is understood--you also never knew that they were ultimately intended for Iran. Is that correct?

A I did not know that.

Q And it's safe to say that no one at MICOM knew that they were intended for the CIA or Iran?

A Not that I know of. I would be very surprised if anybody knew that.

Q Again for the record, the TOW missiles you were looking at were located at Anniston Army Depot in Anniston, Alabama. Correct?

A That's correct.

Q Now what happened next? You called him. You said we're going to have to put a MOIC on to get them to Condition Code A. He more or less says, okay, we're talking $300. You get the price to $3469.

What happens?

A At this point, in looking at the availability of stocks and the availability of MOICs, we determined that the better course of action would be to provide an ITOW missile, an improved TOW missile, that was sitting there in the stockpile.

So I called him back--

Q These were physically sitting where?

A These were in the stockpile at Anniston Army Depot. And I in effect said, how about ITOWs? They're sitting there. We do not have enough basic TOWs in the configuration that you want, that your customer wants. I think probably a day, or part of a day went by and he called back and said, no, I must have basic TOW missiles.

At that point I informed him that that would mean that in order to satisfy the requirement, we were going to have to disassemble the ITOW missiles, remove the ITOW warhead and put on basic TOW warheads to come up with the proper number of basic TOW missiles. And he ended up telling me, fine, do it.

And I said, there's going to be a charge. He said, fine, tell me what the charge is. We gave him estimates, and he said, just keep track of your bills.

Q And what happens next? Do we get to the first shipment?

A We continued to prepare the mission, prepare Anniston, and there was one critical point in here where I did some soul-searching about this mission and I finally told him right before we began to make crucial actions at our place and at Anniston, that I really felt that his General was going to have to call my General and tell him what was going on.

Q And his General would be General Vincent Russo?

A I believe so; right. And he argued with me about that and said that wasn't proper, and people weren't supposed to be involved. And I said, well, I have enough concern about this mission that I just don't feel I can execute it without my boss being informed.

He eventually conceded. Gen. Russo called the Commander of the Missile Command, Gen. Burbules, discussed the mission, and we proceeded on to execute it.

At first we were preparing for an air shipment which was rather complicated. The missiles were to be transported up to the Red Stone Army Air Field, prepared for air shipment to be picked up by some special aircraft that Maj. Simpson was arranging, and we had to make some special arrangements for that.

It turned out that the aircraft pickup, part of it changed, and we were told to be prepared for trucks. And in the meantime, the missiles had departed Anniston, the 1000 missiles, come up to Red Stone by truck, and had been downloaded and sat there at a certain location at the airfield with 24-hour security for which there was a charge, and eventually picked up by trucks provided by Maj. Simpson as far as I know in the early part of February, and they departed the area.

Q And did Maj. Simpson himself come down for that operation?

A Yes, he did.

[redacted]

Q [redacted] When Gen. Burbules talked to Gen. Russo, did they discuss the issue of replacement costs?

A The initial conversation, I was not in on. At a later time when I personally became concerned about the price, basically that it was too low, I went back to Gen. Burbules and tried to make a case with him that the price that we were locked in on was too low, and we were very concerned about replacing these missiles and replacing them with the current missiles, which was a TOW-2, although a much more expensive missile; nonetheless, we could buy a number of replacements.

I relayed this to him, and I suggested that he call Gen. Russo and try to get the price changed, which he did, and I was present in the room when he called. And Gen. Russo, I found out later, went to the Army General Counsel to check on the validity/legality of the AMDF price that we had used as a basis, and the word came back down that the price was legitimate. We don't want to hear any more about the price. That's it, essentially.

Q So we have clarity in the record, you weren't arguing that the appropriate price for the basic TOW was higher than $3469; you were arguing that in the process of selling the basic TOW out of the inventory it was going to have to be replaced; and since the basic TOW had ceased production in 1975, the missile you were currently buying would be more expensive.

So when you talked about the higher price, that's the price you were using. Is that correct?

A Well, I would really say that we were arguing for both. The price, the so-called AMDF price, was based on a 1974-75 manufacturing. There had been a considerable increase in manufacturing costs, inflation, and so forth. But because of the mechanics of the way the Army catalog works, the price was never updated, because that was the last buy, and it just stayed in there.

We said that even though that's the rule, we thought that to get reimbursed at that rate was not acceptable. And furthermore, we're going to have to buy these more expensive replacement missiles. So we characterized it both ways.

Q The replacement cost for TOW-2 would have been what?

A Roughly $11,000. Now that's a full-up missile, including the warhead. There's been a lot of confusion because the contractor, Hughes Aircraft, only makes the back end of a missile, if you will, excluding the warhead.

He gets the warhead as government-furnished equipment, but some people have seen the Hughes price and it's much lower than the full-up missile price. So there is room for confusion there. But a full-up TOW-2 goes for about $11,000-U.S. price. Now if it's FMS--

Q Foreign Military Sales?

A --Foreign Military Sales, or some other special category, the price can change. But the basic cost to the U.S. is about $11,000 to about $11,500.

Q So if we're referring to replacement costs for a full-up TOW-2, for our purposes it is okay to say $11,000?

A Approximately $11,000; right.

Q All right. Now what was the second figure you were seeking? That is, you said it would not be fair to be stuck with the early price, the outdated price for the basic TOW. Was there a figure between $3469 and $11,000 that MICOM was seeking?

A Unfortunately, we were not--I was not specific with Gen. Burbules, which might have been a lot better way to justify what I was trying to do--but I just said we need more money, and here's the rationale. But I did not give him a figure, and he did not give Gen. Russo a figure.

Q When we talked with you before, you indicated that you had told Gen. Burbules something to the effect that "we're getting screwed," meaning that the Army was going to have to go out and buy missiles that cost more, and that they would either pay more money for the same number of missiles, or pay less money--or pay the same amount of money for fewer missiles.

Do you recall something to that effect?

A Yes. That's essentially part of the conversation.

Q And after Gen. Burbules talked to Gen. Russo, is it fair to say that he came back with the word that for MICOM's purposes, you would not get replacement costs, and therefore cost from that point on was no longer a factor?

A That's essentially correct, yes.

Q We now know that this transaction was one that was conducted under the Economy Act, meaning that the Department of the Army transferred the missiles to the CIA, and the Economy Act governed the transfer. While you wouldn't necessarily know this, the requirements that Secretary Weinberger imposed were that the Army be paid in full and not lose money on the deal, and that it be an Economy Act transfer.

Prior to these matters becoming public, did you understand this to be an Economy Act transfer?

A I never heard of the Economy Act until this whole affair was publicized. I think virtually no one at the Army Missile Command ever heard of the Economy Act. There had been virtually no transactions ever made, or if there ever were, nobody ever said this was done under the "Economy Act." And it was never stated to me by Maj. Simpson or anyone else that this was going to be done under the so-called Economy Act.

Q Did you have occasion frequently to use the AMDF?

A Me personally, never. My office, to a very limited extent because at all Army Commodity Commands, at least, there are people called "Item Managers" and logistics people who deal in that on a daily basis.

We deal with national stock numbers, NSNs, as opposed to such things as the AMDF price, and we would just call them up and refer to that type of thing--although we did have access to the Army Catalog on microfiche where we could look up line items such as the TOW missile.

Q Now once the first shipment went forward in February, when was the next triggering event in terms of your involvement, or MICOM's involvement?

A Several months went by where there was very little activity. In the late-April time frame, I believe it was, we were alerted to another mission and another shipment.

Q Of TOWs?

A Of TOWs. So we began the same type preparation. This time the number was $508.

Q In other respects it was the same? You were to get the missiles from Anniston Army Depot, move them to Red Stone for further shipment?

A Yes. And this time it was stated from the outset that it would all be by truck. It would move out of Anniston by truck. They would be brought up to Red Stone and transloaded onto some other trucks for shipment out of there.

Q These are commercial trucks? I believe Baggett Transportation was used. Is that correct?

A I didn't know who it was. The trucks didn't have very much of a marking on them, but I found out later it was Baggett.

Q And for the second shipment, I believe you told us in April that you were TDY. So Maj. Simpson dealt with your then-deputy Mr. Williams. Is that correct?

A That's correct.

Q Is it safe to say that you had no involvement with or knowledge of that shipment until you got back from TDY?

A That's correct. I was informed in very general terms through some careful words over the phone that we're doing another mission, and that was about all I needed to hear, because I relied on them to go ahead and take care of it.

Q Now had you been paid for the first shipment yet by the time the second one rolled around?

A We had submitted vouchers and so forth, but no, I don't believe we'd received any money yet, any of the reimbursement.

Q And were there any transfer documents that were signed when these changed hands from you to Maj. Simpson?

A Yes. There was a standard typed document that would be signed by the losing and the gaining individual for this type of equipment that was signed off between the Army and the transportation people, the outside transportation people.

Q Do you recall whether those documents had any prices on them?

A I did not see the documents. I saw them later, and although I can't remember what the prices were shown, I noticed--I recall that they did have some prices on them.

Q We'll come to that a little later. Let me move on in the chronology.

From the time that shipment went forward in May, what happened next? What was the next triggering event in terms of your involvement?

A The first thing that happened was Maj. Simpson departed, and Lt. Col. Armbright came on the scene and we started dealing with him. He was kind of building up some information about the missiles that were remaining that had been prepared, getting such things as lot numbers. And as we moved toward the third shipment, it turned out that he specifically requested log numbers, which we thought was rather unusual.

Q This would have been when? Toward the end of October?

A Yes. Sometime in the October time frame. He said, we're going to do another mission of 500 missiles, and here are the lot numbers that the customer wants. He very specifically asked for the lot numbers, and they happened to be--

Q Did he also specify the year of manufacture?

A No. He did not. But he had in mind newer missiles because, by specifying the lot numbers, he was really specifying newer missiles, and he knew that because he had gotten all the information previously.

Naturally we were trying to get rid of the older missiles, if possible.

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Q And did he specifically want converted ITOWs manufactured in 1979?

A Those were--that's correct. The lot numbers that he specified were in that category.

Q And were any MOICs required for that shipment?

A No, they were not.

Q And why was that?

A Because the missiles were at least thought to be already in Condition Code A, so they did not need the safety device.

Q Were they in Condition Code A?

A As it turns out, they were not. There was some problem that occurred at the depot, or perhaps in the statement of the material release order which is sent out from MICOM about specific directions on which lots were to be converted back in the earlier months of the mission, and there were two piles of ITOWs there.

One pile was Condition Code A, and one was Code N, and somehow they picked the wrong stockpile and converted Code N missiles. In other words, removed and replaced the warheads. So we had what turned out to be Code N missiles that we did not realize were Code N until after the second shipment.

At the time it was discovered, I so informed Maj. Simpson that we have a problem. You insisted on

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Code N, or Code A missiles. We inadvertently converted these Code N missiles, and they're still Code N.

MR. KREUZER: Was this at Anniston?

THE WITNESS: Yes. Anniston does the conversion, or prepares the missiles for shipment.

He said, well, okay, we'll have to face that problem when we get another shipment requirement. And in the meantime, he left.

Col. Armbright came in. There was no restatement of the requirement for Code A. I suppose we could of or should have assumed that there was still a requirement for Code A, but in the rush of executing the mission and the passage of time between all this happening, we just went ahead.

Furthermore, they specified the lot numbers.

BY MR. SAXON: (Resuming)

Q So if I can understand what you're saying, they were provided with missiles in Condition Code N. Is that correct?

A That's correct.

Q And MOICs were not provided.

A The MOICs were not installed. We shipped exactly what they specified, although we didn't clarify that those were Code N.

Q And was the CIA charged for the MOIC on the

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third shipment?

A They were.

Q And has any adjustment ever been made in that bill that went forward?

A No. And in fact it could have been adjusted the other direction, because they were much newer manufacture, and you could make a case that this was yet a different catalog number, certainly with a lot higher price than the one we set originally.

MR. KREUZER: But you haven't been paid for these missiles?

THE WITNESS: We have now been paid for everything. The second or third major payment happened fairly recently. There was some administrative hangup, but as far as I've been informed--and I've checked this since I've changed jobs--I can't absolutely confirm it, but I've just been told telephonically that all payments have been sent and received by the Army Missile Command.

MR. KREUZER: But was there in fact an occurrence at one time where you issued an authorization for funds which in fact was useless to your command? Do you recall anything like that?

THE WITNESS: Let me see how I could say this.

BY MR. SAXON: (Resuming)

Q It can't be any less confusing than the rest of it, so just go ahead.

A The reimbursement, when it came down through funding channels, due to some technicalities in the type of money it was and in which category, it turned out that it could not be applied directly to the TOW line, which would allow us to in effect pay ourselves back. And it ended up going into some general fund.

So the taxpayers didn't lose, but the TOW project lost because of some technicality about the way the funds--and it involved Congressional language--the TOW line in the Congressional language says, You are authorized to buy X number of missiles for this much money.

So someone made a case that this would be a delta, this would be an add-on to that, and therefore it was illegal. It turns out that later on when they analyzed it, that really wasn't necessarily so; but nonetheless, the money for the missiles--now there was some other money there, too, such as the transportation costs, the conversion costs at Anniston--but the direct payment for the missiles did not end up going back into our line, for which we all griped about severely but to no avail.

MR. KREUZER: Well, whose responsibility was it to acquire the funds for--I presume the understanding

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was that the MICOM would get appropriate funds to replenish its supply of TOWs with improved TOWs. So was that the original understanding that MICOM would get the--

THE WITNESS: Well, not necessarily, or not quite. We were simply under the understanding that we would be reimbursed for all our costs, one of which was having taken 1000 of these basic TOW missiles out of our inventory at a price of X; not necessarily that we would be able to buy back replacement items.

We were just under the understanding that we would get a certain amount of money back, and presumably that could be used to buy replacement missiles.

MR. KREUZER: And who arranged for you to receive the funds? Do you know?

THE WITNESS: I do not know that. We simply sent in our vouchers in the normal system, and hoped that the system would work to get the money back to us.

MR. KREUZER: Who was the source of the funding? How sent you the funds' cites that authorized you a certain amount of money for those missiles? Do you know?

THE WITNESS: Well, they came back through the normal channels through the Department of the Army and AMC. I'm not familiar with exactly what the fund cite

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was, but it was the so-called normal fund cites that could be used for this type of a transaction.

MR. KREUZER: But would it have been an AMC action? Was AMC the body that authorized the funds?

THE WITNESS: Not directly. It was Department of the Army, and AMC was merely an accounting pass-through point. They took no decision action or significant action on the money.

MR. KREUZER: Just a processing point?

THE WITNESS: A processing or accounting headquarters.

MR. KREUZER: And you don't know who in the Department of the Army specified or authorized the funds?

THE WITNESS: Not by name, but it originated in the DCSLOG office and probably was accounted through the Army Comptroller's office. But specifically who there, I never knew that and don't know it now.

There is an individual who has been deeply involved in this type of question in the Army Materiel Command Headquarters that I've mentioned before, who has looked into many of these questions. His name is Mike Sandusky. He's a Senior Executive Service individual who is--and this is his business, and he has done a lot of research on this, answering these types of questions on behalf of the former Commander General Thompson, and various individuals at the Department of the Army, also.

BY MR. SAXON: (Resuming)

Q And where is he? Red Stone?

A No. He is at Army Materiel Command Headquarters, in the same building I work in.

Q I believe that you mentioned a moment ago that in addition to the costs for the TOWs themselves there were some ancillary and transportation modification charges, et cetera. Did that figure come to about $350,000?

A Approximately, yes.

Q And did you have to take that out of your operating budget, your TOW Project operating budget until reimbursement?

A Well, most of those costs were Anniston costs. So they simply charged their accounts and sent us the bill. So most of that didn't come out of any MICOM or TOW fund. It simply was charged at Anniston and they sent the bills to us, assuming they'd get reimbursed, which they did.

Q To go back to the issue of the Congressional language that had technical restrictions, if I understand that, it says that the Army can purchase a certain number of TOWs in a calendar year. Is that correct?

A That's basically--each year that's what it specifies.

Q And so you were just bumping up against that ceiling on the number of TOWs that could be purchased in calendar year 1986--

A In a given fiscal year.

Q --or fiscal 1986, or 1987? Which

A In a given fiscal year. Now that's what I was told the problem was with the funds. Not that that's necessarily the case, or that it would in fact restrict us, but that's what I recall the reason we were given why we could not take this money and somebody, perhaps a somewhat low-level program analyst type--just took the money and said it can't go there, so they stuck it in another account. And it was lost, and in fact it was irretrievable. We tried to get it back.

Q Did anyone within the Department of the Army or MICOM know at the time you were meeting the requirements--that is, in February of '86 with the first shipment, and so forth--did you know that there was a ceiling imposed by the language of Congress as a line in the Appropriations bill that would prohibit you from replacing these once funds were immediately provided?

A Yes. We were all familiar with that, but I guess we didn't think there would be any problem, or maybe that we might even want to buy the missile that was shipped, or maybe an ITOW. So we weren't really thinking that there would be a problem, even though we were well aware that there is in fact a restriction based on the language.

Q Well, you couldn't buy the missile that was shipped, because they were no longer in production. Right?

A Well, essentially the production line is shut down for them, although probably 70 or 80 percent of the basic TOW missile is the same as the TOW-2 missile. There's just a few differences that are plugged in there by module, such as the flight motor is different, and the back end of the missile has a couple of differences.

Q As far as you know, did anyone raise at levels above you--either you raise it for it to surface up the chain, or anyone above you raise the issue that you would bump up against that ceiling and not be able to immediately replace the TOWs?

A No. No one ever raised that until such time as it was determined to be a problem.

Q When did you actually get the money in the proper account for purposes of replacing TOW missiles for TOW missiles?

A I can't recall.

Q It would be sometime in the Spring of '87?

A It would be in that time frame. But we had some of these administrative issues that held on for awhile, even after the money was sent. I can't recall specifically when it was broken loose.

Q And do you know whether any TOW missiles have actually been purchased yet?

A No, they have not.

Q How does that cycle work? Is that surprising in any way? Or does it just take time for a particular procurement cycle to come around?

A Well, it doesn't surprise me in this case, because we're talking about a small number that would be an add-on in a rather unusual way, and we also have the normal lead times involved. The standard lead time from the date you notify the contractor and the other individuals as admin and procurement lead time is 15 months or so.

But to start the action to buy the missiles, I don't believe that's even happened.

Q Now to go to the readiness question that you more or less answered earlier, but it wasn't really specifically the one I asked at the time, if I understand it, we have approximately [redacted] TOWs in our inventory. Is that about right?

A There's been about 430,000 produced. About [redacted] are in the stocks of our Allies, or those that we've sold them to. So it would probably be roughly that, perhaps a little more than that, that are in the U.S. stockpiles.

Now if you include the foreign stockpiles, it's considerably more than that.

Q And it take it that there would have been both at the time and now, you could look at the readiness question and see that there would have been no adverse impact on readiness, providing either 2508 TOWs or 4508 TOWs to a customer?

A A very minor impact, even though they are not only basic TOW missiles and a fairly small number. If you were in a war situation, they might make a difference, but it would be minor. So I would say a very minor impact, or virtually no impact.

Q You said earlier that you didn't know where the missiles were headed. Did you ever inquire, or make an effort to find out?

A Not really. A few offhand, joking conversations perhaps, with Maj. Simpson. We had fun guessing. But beyond that, no, I never really made any serious inquiry.

Q Did you have a guess, or did you speculate on any particular countries?

A The top guess was [redacted] After that, it was [redacted] There were a few things going on other there. Beyond that, we couldn't even guess.

Q Was that in part because they both had TOW launchers?

A Well, [redacted] is a question. We tried to kind of just think kind of casually. The missile does you no good unless you have a launcher. We couldn't really determine at the time if they had [redacted] some TOW launchers.

Q I believe you told us in April that there are [redacted] countries that currently have TOW launchers. Is that correct?

A [redacted] countries, and plus or minus one or two, have had TOWs. Some countries are what we call "inactive."

Q And Iran would be one of those?

A Iran would be in that category.

Q I asked you in April a question or two about the [redacted] System. Let me ask again for the record, have you ever heard, prior to my asking that question in April, had you ever head of the [redacted]

A No, I have not.

Q And you wouldn't have known, then, whether this transfer did or did not bypass the [redacted]

System.

A That's correct. I would not have known.

Q You also told us, though, that you did have existing procedures, did you not, for authorizing, ordering, and releasing shipments starting with the Department of the Army, down to Anniston Army Depot, and then MICOM would execute a material release order as authority to prepare and ship; and that each step there's a series of paperwork. Is that a fair assessment?

A That's correct.

Q And were those procedures and steps and stages followed in these cases?

A For the most part, no. But in fact there was a material release order that was accomplished out of MICOM and sent to Anniston. They insisted on it. So there was a portion of the proper paperwork that was done, although it was done in a highly unusual manner without all the normal people interacting on the paperwork, and so forth.

Q You told us in April that between the second and third shipments that MICOM had gotten complaints regarding the transfer of ammunition items. If you would, tell us a little bit about that, if you recall what I'm referring to.

A Complaints?

Q There was a strong DA message to stop dealing with ammo items by telephone calls and other than the normal paperwork. I think you said that was unrelated to these matters, but tell us, if you would, what that was all about.

A After the incident that happened down here involving an individual in a van in a gas station, and perhaps some other incidents where there was a perception that the Department of the Army ammunition type items had been obtained surreptitiously or illegally or without any paperwork, a message came out of Department of the Army stating that henceforth there will be no transactions involving any ammunition items, explosives, or related items without the proper paperwork, and specifically with just phone calls. Phone call authorization was unacceptable.

Since we were beginning to look like we were proceeding to another shipment--

Q That would be the third shipment?

A --the third shipment, I went to my boss, Gen. Burbules, showed him this message, and said, I don't think we should execute any more of these until we square it with this message.

He agreed. He apparently made some phone calls, or took some action, and we actually got a hard copy message saying that we could in effect disregard that message for the Snowball exercise.

Q Now let's talk about price, and MOICs, and changing the National Stock Numbers, and those issues.

You have testified that the basic TOW which was provided for $3169, and the MOIC you estimated was $300. I think the DAIG ultimately determined it to be $352, but that's close enough; so let's just assume that that's correct, giving us $3469.

And, that that was what everybody agreed was the appropriate price.

We know now that there came a time when Hughes attempted to remedy the problem of the flyback with the TOW that had taken place that necessitated the MOIC by building the MOIC into the missile. Is that correct?

A Well, Hughes was not involved as far as designing or installing the MOIC. It was all done by the Government. We realized we had a so-called "flyback" problem that involved the late ignition of the flight motor, and that we needed some kind of safety device to cut off the igniting of the flight motor if the missile did not go through the proper timing sequence.

So in about the 1982 time frame, the Army, not Hughes, came up with this MOIC and, after appropriate tests, we started installation of the MOIC. And during that period, there was a suspension of firings for certain types of missiles until the safety device was validated.

Then we started installing it in missiles. At that time, the firing restriction in training was eliminated by missiles that had this MOIC installed. So it was done essentially by the Government at Anniston.

Q You're talking about the assembly line process of taking the completed MOIC and putting--I'm sorry, the completed TOW and putting the MOIC on it--

A Right.

Q --on an assembly line in Anniston.

A Right.

Q What I'm saying is, contemporaneous with that, Hughes concluded that it could build a MOIC into the TOW missile. Did that not take place?

A Not that I'm aware of. Perhaps there was some proposal by Hughes at the time that they could correct the situation by changing some internal electrical circuitry, or something on the flight motor, but that never came up that I ever heard.

I don't know that that was ever proposed seriously, that I heard about.

Q Tell me then what explains the AMDF price that shows a basic TOW missile with MOIC of $8435?

A Okay. It essentially relates to the year of manufacture. The way the AMDF rules work, you look at the latest manufacturing cost, however old it is, and if it is very current then you take the actual manufacturing cost with some other possible add-ons--in this case the government-furnished equipment such as the warhead.

The reason for the major difference in the prices was caused by the fact that at the time the MOIC became another version of TOW, they looked at the current manufacturing cost of the basic missile at that time.

So now we have jumped from 1974 to 1983-84. Ten years have gone by with a very high inflation and other changes that occurred at the time during the number of years there, and the manufacturing costs made that rather dramatic increase.

So taking what was almost the same missile, although some manufacturing stuff had been improved and added--there had been some minor changes to the missile--it had gone from a 3000 meter missile to a 3750 meter missile, which was simply winding another 750 meters of wire on two spools on the back, so that wasn't a dramatic part of the increase, but it was a small part. So the real part of the increase came from the fact that we are 10 years later in time with the increased manufacturing costs.

And the way the AMDF price rules work, they simply looked at those costs at the time, plugged that into the Army Catalog, and said that's the price of this version of the TOW missile, which happened to be a basic missile with a MOIC on it.

Q And they also gave it a new National Stock Number, didn't they?

A That's right.

MR. KREUZER: Can I?

MR. SAXON: Sure.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. KREUZER:

Q In other words, the first missiles we were talking about, which were the basic TOWs, they didn't have the extra 700 yards of wire--

A 750 meters of wire.

Q 750 meters of wire.

A Right.

Q But they were built in--

A In the early 1970s.

Q Maybe they were built like with 1972 or 1973 dollars, huh?

A That's right.

Q And then in this later lot number we were looking at, 79, was built with 1979 dollars.

A In fact, into the '80s.

Q So is this what drove the AMDF? In other words, it's whatever dollars per fiscal year built that weapon, those are the dollars that you charge? Is that what drove it?

A That's essentially correct. So it would include the inflation and other increases, but it also includes some amount of increased manufacturing costs, which it's difficult to piece that out of there. But it does include some of that.

Q Now is that--but that is the basis upon which prices are established for TOWs?

A And all items in the Army Master Data File.

Q So in other words, that $8435 for a later model of the TOW missile was in fact a correct price?

A It was a correct price for that National Stock Number missile.

Q And is that method of pricing established, accepted, and verified by the Army today?

A Yes. Except that because of this incident, the Department of the Army said that maybe we're going to take a look at the way AMDF prices are determined, or this particular rule that says you go back to the last time you procured it or bought it, however long ago that was, and that is the price that's in the catalog. There is no change for inflation, or any other factor.

Q What is in place now as far as rules go about determination of price?

A As far as I know, nothing has changed yet. A lot of these are under review, though, by the Department of the Army.

Q So the price for the later version of this TOW missile that was stated as 8435 is still officially $8435, as far as the rules and regulations of the Army go right now today.

A Not right now, today. Because of the intense scrutiny on these particular lines in the AMDF, there have been some changes. In fact, they can change every month, or every time some part of the pricing formula changes. So I can't state. But I know in fact that this $8435 number which was valid at the time of all of the inquiries on this back in the spring, and in fact in the January-February-March time frame, those numbers have now been updated to more correct, current prices.

Q And how did they--Who arrived at more correct, current prices? And what do those constitute? Do you know?

A It's a somewhat complicated procedure where you have a long sheet that has different lines on it that starts out with the contract manufacturing cost. Then there are numerous add-ons to that. Then there's a bottom number. And that number we would pass to the individual called the "item manager" in the Logistics Center who may or may not make some change to it.

Then he sends it to the catalog facility and it's physically entered into the catalog.

Q And how long has this policy been in effect?

A Many, many years. It goes back to the 1970s when the prices froze. I think the AMDF came into being in the early 1970s.

Q Well, what pricing procedure and philosophy has changed as a result of this business with Project Snowball? And where did that philosophy change?

A The best individual to answer that, once again, is this Mr. Mike Sandusky. There was correspondence and inquiry sent to all Army Commodity Commands as a result of this AMDF problem or issue, and suggestions were made about changing the way things were priced.

But I cannot confirm what changes were made, but there were some made, and some are still under review as far as I know to change the pricing.

Q Was there a suggestion--was one of the suggestions that the costs of the particular fiscal year would no longer be considered as a basis for calculating

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the price of a TOW missile?

A Well, if you're referring to going back to then-year dollars without any account for inflation, as far as I know they have not considered that. They simply look at the manufacturing cost of whenever the last time it was manufactured, without regard to what are the then-year dollars, or what are the current-year dollars that we pay for that now.

That was a controversial point. Why don't we update this catalog with current-year dollars? But the policy that is stated in the Army regulation on this says that, no, you don't do that.

When this was reviewed by the senior people in the Department of the Army, they said, we're going to take a look at that. That was many months ago, and I'm not sure what they've done about the policies that are in the Army regulations.

FURTHER EXAMINATION ON BEHALF OF THE SENATE SELECT

BY MR. SAXON: (Resuming)

Q When did you first learn that if you put a MOIC on a basic TOW missile, it changes the National Stock Number, and therefore the price?

A Not until the incident became public in November.

Q And is it safe to say that that was the same

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time you first learned that there was a price out there in the universe of $8435 which could be called the right price for a basic TOW with MOIC?

A I never heard the number $8435 until after some of the inquiry started. Perhaps even the December-January time frame.

Q Are you aware that all of the shipping documents that came from Anniston Army Depot on the TOW missiles to Red Stone which had prices on them--some of them didn't--but that all of the documents that had prices had $8435 in it?

A I found that out, once again, later. I did not see any of those documents during the mission execution, but I saw them and took note of that later.

Q Who did see the documents during the execution phase?

[Pause.]

A I believe it would have been my Deputy at the time, George Williams, and my head Logistician at the time, Mr. Chris Leachman, who is now the Deputy. Those two individuals, and perhaps one other in the Logistics Office that was involved with the Anniston operation.

But I can't confirm that any of them actually saw the documents. I did not, and there wasn't the exchange of documents, as I mentioned. I believe that one or more of them saw the documents.

Q You didn't sign any of the transfer documents yourself?

A No, I did not.

Q Tell me about the computer system that MICOM has and operates for purposes of giving you data and stock numbers. If you were back in your office at Red Stone, or wherever the computer was, or the data base, whatever you had at your disposal, and you went to punch in a particular stock number for a basic TOW missile, with or without MOIC, however you would do it, what steps would you go through, and what would it spit out to you?

A Well, I didn't have any such system with that kind of data directly in my office. Now the Logistics Office had certainly a microfiche reader where they could--the Army Catalog was on microfiche, and they could pull up a card and stick it in this reader, and read the line numbers for any type of TOW missile that they wanted.

Q That wculd be Mr. Leachman's office?

A Right. His old office.

Q There was no computer connecting the Anniston Army Depot and Red Stone?

A With the Missile Logistics Center, but not the Tow Project. They had a direct connection, some kind of transceiver where they could transceive the materiel release orders on-line between Anniston and the Missile Logistics Center Office, the Item Manager's office.

Q And would they have shared the same data base?

A To some extent. I don't know whether it would be fully, but they have access to certain parts of it. Certainly the catalog information.

Q Let me tell you why I'm asking you. We are not attempting to point the finger at anybody or making any accusations. We are simply trying to understand what happened.

Our understanding is that the people at Anniston Army Depot from the early stages when they were required to come up with the price for a basic TOW with MOIC consistently came up with $8435, and no one at Red Stone came up with that price.

We are trying to figure out why, or how. Do you have any hypothesis, or any explanation for that one?

A I can speculate. There may have been an inquiry by someone at Anniston saying, how in the world did you guys come up with this other price, to somebody. I never heard that such a thing happened.

Q The "other price" being the $3169?

A Right. If they would have--if somebody would have called me, I would have said the price was determined under very special conditions. You can put anything you want to on the paperwork. I would have been not really surprised if they had said, there's going to be no paperwork. Just go get the missiles and ship them.

So the paperwork was rather inconsequential. Now Anniston, being good troopers following good procedures, somewhere along the line looked up the very specific missile that we ended up shipping in the AMDF and said, oh, here's the price, so that's what goes on the paperwork, and got it that way.

We, not being in that business of entering such things on the specific documents, didn't take that step. Perhaps if we would have, we might have questioned the price, because, oh, here's a different AMDF price. But we never took that apparently crucial step.

Anybody in my office that I know of, or of raising the issue, that there is a different AMDF price. Maybe somebody called and made a comment about what we're going to have to put on this paperwork. I never heard of any such call. But I think they just simply looked up the actual missile and said, well, that's what we're putting on the paperwork, and they may not have even thought anything of it.

Q When we met with you in April, you told us that Mr. Leachman subsequently discovered in his notes a piece of paper apparently in his handwriting with the number $8435 on it. Is that correct?

A That's correct.

Q What do you know about that piece of paper? Or what did you and he conclude that it was with reference to?

A He really couldn't recall why and under what conditions he wrote that down, but he definitely said it was his handwriting and he could surmise that someone had obviously looked in the AMDF and found this price, and in some way communicated it to him, and he wrote it on this piece of paper. What the circumstances were, he really didn't recall except that it was obviously this other AMDF price that had a direct relationship to the type of missiles that we ended up with.

But beyond that, he couldn't recall. And that's just about what he told me when we were talking about this.

Q If he did get that price contemporaneous with the pricing and the shipping that took place on these missiles, is it safe to say he never communicated it to you? Is that correct?

A He may have--in fact, he did communicate probably with George Williams about the general fact that the price was too low. That was part of the whole effort to get the price raised. So it was combined together with convincing me to finally go see the General about the price. So he did in fact complain about the price, and it could have started with that $8435.

But he doesn't ever remember that somebody said, this is the correct AMDF price. Go tell Col. Lincoln to go bitch about this price, or something like that. But it was part of a kind of a total effort by several people to make sure that I knew that the price wasn't right, that it was too low, and that we needed to do something about it.

But no one ever went to the magic comment about the AMDF price, apparently.

Q Let me ask you for the record, I believe I know your answer, but is it safe to say that no one above you in the Army chain of command or elsewhere ever put any pressure on you to intentionally come up with a low price? Is that correct?

A That's correct. No pressure at all.

Q Were you ever told that the customer--you said you didn't know who that was, the ultimate customer, or even the intermediate customer--were you ever told that the customer had a set ceiling, or a set amount of money that they were working with?

A No, but I got a mild impression from Maj.

Simpson that perhaps from the point of view of getting the items as cheap as possible, that after we went through the MOIC exercise and he agreed and he came back and said the customer did agree to a $300 add-on, that "don't give me any more increases in the price," because the customer isn't going to like it, or some impression along that general line.

Q You clearly understood you weren't dealing with big spenders?

A That's the impression I got; right.

Q Did Maj. Simpson or anyone else ever tell you that the customer had to go back to a source of funds and present each increase, and justify it, and get additional money?

A There was one occasion when Maj. Simpson alluded to the fact that his customer was having to go somewhere, or to do some justification step concerning the money, and that made it more complicated, and therefore don't keep coming back with these price increases. There was an alluding to that, as I recall.

Q Did he ever tell you that the "somewhere else" they were having to go to was the White House?

A No.

Q Did you ever discern from anybody that the CIA was involved in this in any way, as an intermediary, as a

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broker, a transferring agent, a consumer?

A In no way. And I never even suspected it.

Q Did you know where the missiles were going once they left Red Stone?

A No, I did not.

MR. SAXON: I think that is all I've got. Let me see what my colleagues have here.

MR. GENZMAN: I have nothing. Thank you, sir.

FURTHER EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. KREUZER:

Q Col. Lincoln, earlier you mentioned that the Army requested certain TOWs the second time around by specific lot number. Col. Armbright, I guess, gave you that information.

And that lot number was a TOW that was built in 1979. Did I understand you to say that that was an improved motor, a newer motor and a longer, 750 meter wire on that? In other words, instead of being 3000 meters, it was 3750? So it was a different item.

Armbright didn't specify why he wanted it, other than he just wanted that particular lot number?

A He knew that the lot numbers that he was specifying were not only the newer missiles, they were the converted ITOWs, and there was no other major difference in the missile except the warhead, and the fact that they had this 750 meters of additional wire, which made them have that additional range. But the key thing was that they were of much newer manufacture than the previous ones we were dealing with.

It was not a single lot number that he specified. In other to come up with the total of 500 missiles, he picked out, as I recall, three lot numbers that added up to 500.

Q And they all just happened to be these improved TOWs.

A Yes.

Q But those improved TOWs were ones that you had to convert and go back to the basic heat warhead in order to come up with the basic TOW?

A That's correct.

Q And that particular--those particular lot numbers included Code Ns, unbeknownst to Anniston? Those were Code N TOWs?

A Well, Anniston claims that they--well, at this time we knew they were Code Ns, and we had so informed Maj. Simpson back earlier before the third shipment. But in the passage of time, it had been overlooked that these missiles that were specified by lot number were in fact Code Ns, but that was what was specified, so those were what were prepared and eventually shipped.

Q Now did Anniston come back and bring it to your attention that, hey, these things that were specified by you folks are Code Ns, and you requested Code A?

A No, they did not.

Q They did not.

A But I would presume that it is nonetheless reflected on their paperwork. I didn't see the paperwork for that third transaction.

Q So what they did was respond to the latest order--this is what we want--and presumably, whether they knew it was Code N or Code A, they went by the latest order which superceded in their minds the requirement for a Code A missile?

A Well, they didn't have any--they responded on a shipment-by-shipment, or individual basis, and this was the third shipment. So we started with, in effect, a clean piece of paper.

Okay, what do you want? And we said, we want these lot numbers. And they said, oh, okay, we have those precise missiles, and we will ship those. And so they filled out the paperwork that corresponded to those lot numbers, whatever type they were, and those were what were shipped.

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Q Now were all of those Code N?

A Yes.

Q Would Anniston have known that this was part of Project Snowball?

A Yes.

Q Then would it be unusual, knowing that, that somebody at Anniston didn't say, wait a minute, this is part of the previous project, you asked for Code A missiles, you should know these are Code N missiles?

A Perhaps that might have gone through somebody's mind--not that I know of--but when we were very precise and said, we want these lot numbers, probably the thought process that they went through was, oh, okay, they know all about these lot numbers, because they had previously provided all the details of the lots on the converted missiles, the ones that we took the ITOW warheads off.

And so they said, I guess they know what they're getting, is what they were thinking, and there was no reiteration of this Code A/Code N thing.

MR. KREUZER: Okay.

MR. SAXON: I've got a couple more quick questions.

FURTHER EXAMINATION ON BEHALF OF THE

SENATE SELECT COMMITTEE

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BY MR. SAXON: (Resuming)

Q Am I correct that you have never had occasion in the past to put a MOIC on a TOW missile?

A Before?

Q Before Snowball.

A 1981 or '82? Oh, no. We had started installing MOICs in 1983, I believe.

Q But I mean you personally had had no involvement with, if I understood you in April, with putting MOICs on the TOWs. Is that incorrect?

A Oh, you mean for this, to support this mission?

Q No.

A Any one of the three shipments?

Q Prior to Snowball, had you personally been involved in any project or tasking requirement that required you to get involved in the safety modification of the basic TOWs by putting MOICs on them?

A Not other than the fact that we always--almost always have a MOIC assembly line going at Anniston just for our own training purposes. In other words, the routine conversion that's always going on. Other than that, no, I had no other either personal or orders that had gone out on that.

Q When you've been involved in the previous instances where you take TOW missiles from Anniston to transfer somewhere, would it have been normal for you to look at the paperwork that came from Anniston Army Depot?

A No. It would be very unusual.

Q Someone at a lower level would have done that?

A That's right. And perhaps not even anybody in my office. We would merely send a piece of paper over to the Logistics Center, the Item Manager, who would then crank out the appropriate paperwork based on perhaps a DF, or just a piece of plain paper that we send over there and we say, here are the requirements, do these.

And then they transfer it to the appropriate materiel lease-order paperwork.

Q Did you ever recommend to Maj. Simpson that the basic TOW be upgraded and that the customer be provided either with ITOW or TOW-2?

A As I previously stated, at the time we discovered that we did not have enough stockpiled basic TOWs to meet the requirement, I suggested to him that we have these ITOWs, why don't you take them instead of some other alternative. We'll just simply change the mission to these ITOWs.

And he came back in a few hours, or a day or so, and said, no, the customer does not accept those, or doesn't want those. In fact, we even made--maybe I even made some comment about the price, where they could get some kind of a good deal on them or something, but that may have been just an idle comment.

Q Did you couch that to Maj. Simpson in the context, though, of solely we don't have enough basic TOWs in Condition Code A; we're going to have to do something different? Or was it a different level of conversation where you said, you know, if we really want to provide a good missile to our customer, we should give them a better missile, and that's ITOW?

A Well, probably in the course of several conversations, I said both. Not only do we not have enough Code A basics, but we have this better missile that if you could get the requirement changed, we can give you them. So probably I said both.

Q And did you at any point say that the ITOW would cost more?

A Maybe not directly, but I think we would both presume, both me and Maj. Simpson would presume that it would obviously cost more.

Q And I know you weren't there when he had whatever conversation he had with the customer, which we now know to be the CIA. But is it your understanding that he took to the customer the proposal that the basic TOW be upgraded, that they buy ITOW instead, and that the customer didn't want to, and the reason had anything to do with the higher price?

A I don't know what he did; but I would presume, since he took a matter of a half a day, or a day or so to get back with me after I suggested the ITOWs, to take the ITOWs as is, that he went to somebody, and he came back and said, no, the customer insists on basic TOW missiles.

Q Who did you deal with at Anniston Army Depot?

A I didn't deal with anybody directly, and I don't recall the names of the people there.

Q Who would have? Mr. Williams, first, and then Mr. Leachman?

A Mr. Williams, Mr. Leachman, and the Items Managers at the Logistics Center all dealt with the individuals at Anniston.

Q In terms of selling old basic TOWs out of our stocks, there are at least two ways you can look at that in terms of whether the Army wins or loses, or whether it's a draw, or a rain delay, or whatever. One is we're selling old TOWs at a cheap price, but we're going to have to go and replace them with admittedly a better TOW, but it's going to cost more, and we'll either wind up paying more, or getting fewer missiles.

By that means of logic, the Army loses.

The other way to look at it is that the Army has these old TOWs, they are not in Condition Code A. We can get rid of them. We can get them out of the inventory. And, while we won't get as many, we will get a heck of a lot better missile, so we come out better.

As the person who was the TOW Project Manager, how did you view this transaction in terms of whether the Army won or lost, separate and apart from whether you got paid what you were supposed to be paid?

A Well, the basics, whether they are Code A or Code N, thinking about them as a part of our war reserve or our stockpile, are very close to being ineffective against any of the current threat tanks. So I would have been pleased to get rid of them under any conditions, even if we get this low or partial reimbursement, to allow us to buy even a much lesser number of the TOW-2s, any way we could get rid of them.

That is why we kind of pressed when they said, we want these newer ones with these individual lot numbers. We all kind of pressed to say, are you sure you don't want those old basics that we've been kind of setting aside there?

And Col. Armbright said no, the customer very specifically wants these lot number missiles. So we said, okay.

Q For the record, you had no involvement with

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the HAWK repair parts' Project Focus?

A No, I did not. I knew nothing about it.

MR. SAXON: I think that's all I've got. Gentlemen, do you have anything else?

MR. GENZMAN: Thank you, again.

MR. KREUZER: Thank you.

MR. SAXON: Colonel, on behalf of the Senate Committee, and I guess I can say this for the House Committee, we thank you for your time. You have spent a lot of time with us on two occasions. You have voluntarily come forward, and you have been very helpful.

THE WITNESS: Glad to do it. Glad to help. I would like to review and sign my deposition.

____

SIGNATURE OF THE WITNESS

SUBSCRIBED AND SWORN to before me this _______ day of __________________________, 1987.

____

NOTARY PUBLIC

My Commission Expires:__________________________

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RPTS CANTCR

DCMN GLASSNAP

DEPOSITION OF KRISHNA STEPHAN LITTLEDALE

Tuesday, September 8, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The select committee met, pursuant to call, at 2:30 p.m., in B-352, Rayburn House Office Building, Tom Fryman (Staff Counsel) presiding.

Present: Tom Fryman, Staff Counsel; Ken Buck, Assistant Minority Counsel; W. Thomas McGough, Jr., Associate Counsel, Senate Committee.

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Partially Declassified/Released on 1-6-88
under provisions of E.O. 12356
by N. Menan, National Security Council

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MR. FRYMAN: On the record.

The reporter has informed counsel that he is a notary public in the State of Maryland and not a notary public in the District of Columbia. Counsel have stipulated that it is acceptable to have the witness sworn by the reporter today in the capacity that he has disclosed to counsel.

MR. TOURISH: That is correct.

MR. FRYMAN: If the reporter would now swear the witness.

Whereupon,

KRISHNA STEPHAN LITTLEDALE

was called for as a witness and, having been duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

BY MR. FRYMAN:

Q On the record. Would you state your full name for the record please.

A Krishna Stephan Littledale. I am going to trust that the fact that the House has misspelled my name and that the Senate has abbreviated my name doesn't make any dfference regarding my immunity order.

Q In what city do you reside, Mr. Littledale?

A [redacted] which is a subdivision of Prince Frederick, Maryland.

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. Q [redacted]

. A [redacted]

. Q By whom are you employed?

. A Myself.

. Q What do you do?

. A I am a fund-raiser.

. Q What do you raise funds for?

. A To support more aid for the Freedom Fighters in Nicaragua.

. Q Where were you born?

. A Harwich Port, Massachusetts.

. Q What was your date of birth?

. A July 2, 1957.

. Q Where did you attend college?

. A I attended college at Bucknell University in Lewisburg, Pennsylvania, and George Washington University in Washington, D.C.

. Q Did you obtain a degree?

. A No.

. Q What year did you attend Bucknell and George Washington?

. A September, 1975 to I guess either May or June of 1986 at Bucknell University.

. Q 1975 to 1986?

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. A Oh, my, '75 to '76. That would be a long time, wouldn't it? And George Washington was from January of 1977 to, I think, May or June of 1979, I think.

. Q And I take it you have not attended any graduate school, is that correct?

. A No.

. Q Have you served in the military?

. A In the United States Army National Guard, and also during basic and advanced training in the Regular Army at Fort Benning, Georgia.

. Q Are you now a member of the National Guard?

. A I am.

. Q What is your rank?

. A Corporal.

. Q What is your social security number?

. A [redacted]

. Q Am I correct in understanding from your answer that the last time you were enrolled in any educational institution was in or around June of 1979?

. A I wouldn't really say that. I attended the Army Chemical Warfare School.

. Q Apart from military training.

. A Yes, apart from military training, that is correct.

. Q Did there come a time when you were employed by an individual named Carl Channell or an organization with which he was associated?

. A Yes, there did.

. Q When were you first employed by Mr. Channell or one of his organizations?

. A On or about August 19 of 1985.

. Q Between June of 1979, when you ended your studies at George Washington, and August of 1985, when you became employed by Mr. Channell, would you briefly describe the jobs that you held in that period.

. A Until approximately December, 1979, computer operator, Connaught Corporation, 4200 Wisconsin Avenue, Northwest, Washington, D.C.; December, 1979 until early--wait a minute, now I am getting confused. Maybe I made a mistake here. Excuse me, I made a mistake there. I got out of GW in May or June of '78, not '79, and Connaught Corporation was May or June of '78 until December of '78, and then I was employed--this is going to be tricky figuring it all out. I was unemployed for a period of about a month. In early '79--I am going to get it right here--I worked for about a month at the Herman's Sporting Goods down here, lower Northwest Washington. Then after that for about--oh, yes, then for about two months in the spring of '79 I worked as a telephone salesman up here in Bethesda, and then the summer of 1979 I worked as a legal clerk at Shannon and Morley, which is over here at the corner of 17th and K, which is now known as Morley, Caskin & Generelly.

In October of 1979, I moved to Sharon, Connecticut, where I worked as an estimating manager, and also attended courses to receive a real estate license. On October 31 of--I did that for a year, there we go, which brings us to 1980. On October 31, Halloween evening of 1980, I guess it was 31, maybe it is 30, however many days, I moved back to a house that I rented with my wife in South Arlington. I worked for Arlington Times Telemarketing Corporation for a couple of months, I guess November and December of 1980.

In February of 1981, I went to work for the Haley Corporation, Caribbean Holidays over here at the corner of 15th and L, worked there until July of 1985. In July of 1985, the company closed down several of its regional offices, including Washington, and that put me back on the unemployment lines.

So I went to Bermuda for two weeks' vacation and then came back here to go to work for Spitz.

Q What had you done with the Haley Corporation?

A Oh, I started off as a reservationist and worked my way up to regional manager.

Q And what sort of organization was that?

A Selling package tours to travel agents.

Q Do you know how you obtained the job with Mr. Channell in August of 1985?

. A Sure. In March, I guess it was, of 1985, my wife's public relations firm was doing some work on the Nicaraguan refugee fund dinner, and she was going to work late there one night, because they had to get out this blasted mailing, and so she asked me if I would come over and help, and I alluded as to how if she would provide a fresh pack of cigarettes and a bottle of wine, I would probably be willing to assist them, and I wandered on over there, and in my usual cheerful fashion, I said ''Okay, you can all quit working now, the savior is here'', or words to that effect, at which point Dan Conrad, who was working there, started talking with me.

. He was impressed by my cocky attitude, and he and I spent the next couple of months talking sporadically about myself and perhaps some of my employees at Caribbean Holidays coming over to work for Nepl, and we negotiated back and forth and never came up with an arrangement that made me terribly happy; and after Haley Caribbean closed, I went trotting on up to New York to interview some folks, and Dan Conrad called my home and said, ''Gee whiz, where is Kris, we can't reach him at his office. What is going on? Blah, blah, blah, so my wife called me in New Jersey, where I was staying at a hotel, because my car had broken down on the Jersey Turnpike, and she said, ''Conrad is looking for you, call him.''

So I called up Conrad, and he said, ''What the hell are you doing going up there to interview in New York? We want you to come work for us.'' And I said something along the lines of, ''Well, you know, you haven't made me an offer I am happy enough with.'' He said, ''Get the hell out of there and come on back here, and we will make you an offer you are happy with'', or words to that effect.

And so I finished my business in New York and came back here and had a sort of informal interview with him. We chatted a little bit. He said the long and short of it is, ''How much money do you want?'' And I told him and he said, ''Okay, fine, you are hired.'' I said, ''Well, I am not hired until I take two weeks' vacation in Bermuda.'' He said, ''Fine, come to work for us after you get back from Bermuda'', which I did.

Q How much money did you tell him you wanted?

A $28,000.

Q And that is what he agreed to pay you?

A Yes.

Q And were you to receive any compensation other than a base salary of $28,000?

A Nothing that I can think of.

Q You weren't expecting to receive any sort of commission--

A No.

Q --in addition to the base salary?

A Absolutely not.

Q Now you mentioned that your wife worked for a public relations firm that was involved in I take it the Nicaraguan refugee fund dinner, is that correct?

A That is correct.

Q Which firm is that?

A Minor and Fraser Public Affairs.

Q What is your wife's position there?

A She is Vice President. She is now anyway.

Q She is still with that firm?

A She is, although its name is changed now. It is now Minor, Fraser and Gabriel Public Affairs.

Q Does she have responsibilities in any particular area as a Vice President of that firm?

A Well, it has changed a lot, because she has just come back from having our first child, and they are screwing with her responsibilities an awful lot, and she is alternating any negotiating with them and threatening them with a lawsuit for discrimination, so at present her responsibilities are kind of up in the air.

Q Until she left to have the child, what was the area of her responsibilities?

A She was sort of in charge of support staff and bookkeeping and stuff like that.

. Q By what name has she been employed at Minor and Fraser? Does she use your last name?

. A Yes, Margaret Littledale.

. Q You eventually commenced your employment with Mr. Channell on August 19, 1985.

. A I believe it was August 19, yes.

. Q And how long did you continue to be employed by Mr. Channell or one of his organizations?

. A Until the end of May of this year.

. Q During your period of employment, did your duties vary or did they basically remain the same?

. A Pretty much the same, as a fund-raiser.

. Q Would you briefly describe what was involved in that?

. A Call people on the telephone, tell them what you are doing and ask them to give money.

. Q And that was basically your job responsibility through the period of time you worked for Mr. Channell?

. A Yes.

. Q Was one of the programs that Mr. Channell was involved in when you went to work there in 1985 the raising of funds for the Resistance in Nicaragua?

. A Would you specify what you mean by ''for the Resistance''?

. Q Did you understand that Mr. Channell's organization was raising funds to be transferred to representatives of the--for fighting or opposed to the Sandinista Government in Nicaragua?

. A There was a time during my employment there when I came to understand that certain funds were being raised for the specific purpose of transferring money~~s~~ to the Resistance for the purpose of purchasing food and other humanitarian items.

. Q When did you come to understand that?

. A The food project took place, I guess, in the summer of 1986. That was, I mean, that was specifically going to be transferred directly to the Resistance for the purpose of purchasing food. You all have all my documents. There are probably some letters in there regarding food and that sort of thing, also some of my fund-raising records will indicate that.

. Q And you mentioned you understood funds were being raised for certain purposes beyond the purchase of food?

. A Oh, yes.

. Q What were those purposes?

. A Well, when I first went to work there--but these are not funds that were being transferred directly to the Resistance. Are we still on funds that are being given to us and thence directly to the Resistance, or are we moving to funds that are used to support the Resistance in one way or another but which are not being transferred directly to them?

. Q I think it is important we are communicating on the same terms, Mr. Littledale. Let me approach it another way.

. Did you understand that some of the funds that you were involved in raising were being used to pay for a public education campaign?

. A Absolutely.

. Q Related to Nicaragua?

. A That was certainly what a portion of the funds we raised were being used for.

. Q And was that both in 1985 and 1986?

. A Yes.

. Q And in addition to the public education campaign, did you understand that you were also raising funds for lobbying activities in connection with aid for the contras?

. A Yes.

. Q Or the Resistance in Nicaragua?

. A Yes.

. Q Apart from the funds that you were raising for public education and for lobbying, was it your understanding that you were raising other funds?

. A Absolutely.

. Q For other purposes involving Nicaragua?

. A Absolutely.

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Q What were the other purposes that you understood you were raising funds for?

A When I first got there, we were asking people to come to meetings in the White House complex where they would be addressed by members of the administration, and the stated purpose of those funds was to support an airlift of the supplies purchased with the $27 million in nonlethal aid that Congress had appropriated in April of 1985, I believe, to support an airlift of those supplies from storehouses generally in Honduras to actual Resistance forces in the field. That program was carried on for quite a while.

I came to understand in, I believe it was October of 1985, but I can't be certain it was October, it might have been November, that funds were also being raised for the purchase of lethal aid, lethal equipment for the Freedom Fighters.

Let's see, what else did we raise money for? We also raised some money in the summer of 1986, spring I guess of 1986, to support the President's aim regarding the Strategic Defense Initiative.

Q My question is directed to Nicaragua.

A Strictly Nicaragua. In the summer of 1986, we also raised money that was for the specific purpose of purchasing food for the Freedom Fighters. If I could see some of my records, it might help refresh my memory, but I believe we also raised some money for food, I think--I can't swear to it--in the fall of 1986, October mostly I believe, maybe September as well.

We raised in the spring of 1986 some money for the purpose of purchasing a number of Maule aircraft, which were to be used for medevac and resupply missions. That is all I can think of right now regarding fund-raising that relates to the Nicaraguan Resistance.

Q So to make sure I understand your answer, Mr. Littledale, apart from funds raised for public education and lobbying, you recall funds were raised for, one, an airlift of supplies; two, lethal equipment; three, food; and, four, Maule aircraft?

A Oh, and some medicine too. I just remembered that, some medicine in March and April of 1986.

Q And fifth, medicine. Can you recall anything else?

A Not at the moment. It may come to me the way the medicine did, and if so, I will sing out.

Q I want to return for a moment to the areas of public education and lobbying that I mentioned at the beginning, and you said that you recalled raising funds in those areas. Other than fund-raising, did you have any role in the program of the Channell organizations with respect to the public education program or the lobbying activities?

A Well, I sat in on a number of meetings regarding strategy and that sort of thing for the education campaign, lobbying campaign. When we are looking at drafts of television ads that were going to be produced, you know, we would all sort of talk about maybe we should change this, maybe we should change that, and if Spitz came up with a television ad or the wording for a television ad, he would have me read it while he timed it to see if it took more or less than 30 seconds, but I wouldn't really call that a role in it. That is just sort of--

. Q Other than meetings where you read the copy for the advertisements with Mr. Channell, what strategy meetings do you recall participating in?

. A It happened almost every day. I mean, Spitz would have sort of staff meetings several times a week over lunch, in which the whole program would be discussed, and we would all put our little input in, and generally after a little bit of talk on that subject, the conversation would come around to the main issue, which is how are we going to pay for this? How much money are you going to raise today? That is what I mean by strategy sessions.

. Q Did you participate in any meetings with Dan Kuykendall?

. A Sure.

. Q What were those meetings about?

. A Oh, several times we had lunch, and he would discuss what he was doing with regard to lobbying and that sort of thing. He sat in while Spitz and I and he worked on re-wording some draft ads to be done by Sentinel, the lobbying group. That was really mainly it. This is prior to November of 1986?

. Q Yes. I will come back to post-November, 1986.

. A Good.

. Q But for the moment, yes, before November, 1986.

. A November 21 I guess, or was it 25, somewhere in there.

. Q Did you participate in any meetings with Steve Cook?

. A The last name doesn't ring a bell.

. Q Of the Edelman Organization.

. A Not that I recall. My association with the stuff that Edelman did for us was, as I remember it, almost strictly limited to my being at press conferences that Edelman set up. I don't recall having anything to do with any of the Edelman crowd aside from those press conferences.

. Q Did you participate in any meetings with Penn K~~i~~emble?

. A I have a recollection of meeting him, but I don't recall specifically when I met him, and I don't recall anything more than the most casual of contact with him.

. Q Did you participate in any meetings with Bruce

Cameron?

. A Pretty much the same as--who is the guy we just did? Pretty much the same as K~~i~~emble. I think I probably met him at some point, but I don't recall the circumstances, and I don't recall having anything more than extremely casual contact with him.

. Q Did you participate in any meetings with Jack Lichtenstein?

. A I don't even think I ever met him. See, you guys have got a real small little gold fish here.

. Q Did you participate in any meetings with Martin Artiano?

. A I don't even know who he is.

. Q So that, to the best of your recollection, the answer is no.

. A That is correct, to the best of my recollection, I don't recall ever having even met the gentleman.

. Q Did you participate in any meetings with David Fischer?

. A Well, of course, in January of 1986, we had a meeting in the Roosevelt Room at the White House, and he was there. I don't believe I said a word to him then. The only time I remember having any conversation with Mr. Fischer was in a meeting that took place sometime in 1986. I think it was the latter half of 1986, and it wasn't so much I was in a meeting with him, or anything like that, as Spitz wanted me to be there for a moment to sort of make a point of reminding him that we were trying to set up a meeting between Don Regan and one of our contributors, but aside from my saying, ''Gee whiz, what is happening with that meeting'', I don't recall having any conversation or anything else with David Fischer.

. Q Were you aware that Mr. Channell had retained Minor and Fraser to provide services in connection with the lobbying campaign in 1986 with respect to Nicaragua?

. A I knew that their services had been retained with respect to the overall program of support for the Nicaraguan Resistance. Specifically whether it was with regard to the lobbying campaign or the public education campaign, I don't remember.

. Q Did you participate in any meetings with any representatives of Minor and Fraser with regard to that program or their assistance to Mr. Channel's organizations?

. A My wife asked me to make sure that a bill for the second half of the contract got paid as soon as possible please, because ''We need to make payroll.'' That is the sum of my interaction between the two.

. Q Do you recall, Mr. Littledale, participating in any meeting in connection with the public education or lobbying campaign where there was a discussion of targeting

Congressmen?

A There were lots of discussions with regard to targeting Congressmen, but you are asking sort of an unrealistic question inasmuch as Spitz was head of both the lobbying organization and the National Endowment for the Preservation of Liberty, which was of course the educational organization, how do you say when you are discussing targeting Congressmen as part of one group or the other?

The way I always looked at it was this way. Well, if we are talking about public education, then we are having a National Endowment for the Preservation of Liberty meeting, Spitz Channell, President, and presiding, whereas if he starts talking about targeting Congressmen, then obviously we are now having a Sentinel meeting, Spitz Channell, President, presiding.

Q I think Mr. Littledale, you may have misunderstood my question. My question was simply, did you participate in any meeting where the subject was the targeting of Congressmen?

A Oh, yes, absolutely.

Q So you did participate in a number of those?

A Absolutely. I can't remember how many, but there were plenty of them.

Q And were those meetings that included Mr. Channell?

A Yes.

. Q Did they include Mr. Kuykendall?

. A The meeting that I recall is where we sat down and Mr. Channell and myself, Mr. Kuykendall, were reviewing some draft television ads, and Mr. Kuykendall was giving us his advice on how to change the wording so as not to offend certain Congressmen and hopefully--as opposed to just pissing them off and getting their bowels in an uproar--hopefully getting them to come around to our way of thinking, and sure I was at one meeting in which we sort of went over these television ads. I can't say for sure if during the course of that meeting the word ''target such and such a Congressman'' came up. I don't know if the specific wording ''targeting'' came up during that meeting.

. Q What do you understand the phrase ''targeting Congressman'' to mean?

. A Well, we have a message that we want to affect a certain Congressman with, and so we target him with the message.

. Q What does that mean in terms of implementation of your program?

. A It means you run the television ads in his district.

. Q And that was the purpose of these meetings that you have described, to select districts or select areas where you ran television ads?

. A Sure, although I didn't participate in the selection.

. Q Who did?

. A Oh, hell, I don't know who did. I was never at a meeting in which they actually sat down and said, ''All right, we are going to do so and so and so and so and so and so and so and so,'' but it seems to me that--well, no, Kuykendall and IBC, as an entity, were the people that made the specific selections, although, of course, there is an exception to that, which is the Michael Barnes ads that were run by Sentinel. We all, of course, wanted to nail Barnes' ass, and those were run for the purpose of specifically--I will have to explain the whole thing to you.

. The ads that were run about Barnes were rather nasty. They said specifically he is not supporting the President, whereas the ads that were run on other Congressmen said ''hasn't made up his mind yet.'' The idea was that by running them on Barnes here on Washington television, all these good Congressmen, all these other Congressmen would see the ads and say ''Oh, how nice, they are not being quite so nasty to me'', and that sort of difference.

. Q Who made the decisions about the Barnes campaign?

. A Who made what decisions about it?

. Q About the type of ads to put money into the Barnes campaign.

. A In other words, who chose the wording?

. Q Let me start with the more basic question. Who made the decision that you would participate in the Barnes campaign? Was that Mr. Channell's decision?

. A Yes. We are not speaking now about the--are we speaking now about the ads run by Sentinel that were lobbying ads, or are we speaking now about the ads run by the Antiterrorism American Committee which were political campaign ads? We are using the word ''campaign'', and I am being careful here.

. Q My question is a follow-up on your answer that referred to the Barnes--

. A The ads I was referring to were the Sentinel ads, which were telling people to call Michael Barnes and tell him to support the President on Nicaragua. Those were run by the Sentinel, and they are totally unrelated to ads run by the Antiterrorism American Committee, and specifically the ads run--it is kind of funny, nobody ever caught onto this. We ran an add, Antiterrorism American Committee ran an ad comparing Barbara Mikulski and Linda Chavez. The purpose of those ads was not to have anything to do with Barbara Mikulski. It was to damage Michael Barnes.

. Q These were ads run by the Antiterrorism American Committee?

. A Correct.

. Q And how would they damage Mr. Barnes?

. A Well, they were run in the last two weeks before the Democratic Primary, and, of course, Barnes was frantically trying to raise money for a last-minute TV blitz, and by running ads that say in November you are going to get to vote for one of these two, Mikulski and Chavez, and here is what they stand for, you give the Democratic Primary voters the impression that Barnes is already out of it, and thereby you hurt his fund-raising efforts for his last-minute television blitz and make everybody think, ''Ah-ah, we will forget abut Barnes.'' That was the purpose of those.

. Q Was this strategy discussed among employees of Mr. Channell's organization?

. A Yes.

. Q With whom did you discuss this strategy?

. A I am having trouble remembering the specific meeting, but there were a number of times while we were raising money for it, in which we discussed the strategy so that we could explain it to contributors and potential contributors, so that they would want to give money.

. Q Did you discuss this with Mr. Cliff Smith?

. A Probably. I don't recall specifically when, but I am sure that the strategy came up at a time when Mr. Smith and I were in the same room.

. Q Did you discuss this strategy with Mr. Channell?

. A Sure, in the same way as I described it with Mr. Smith.

. Q With Mr. Conrad, Dan Conrad?

. A Yes, I am sure. He was certainly in the room at the time.

. Q Did you discuss this strategy with Mr. Kuykendall?

. A I don't recall doing so, but it is entirely possible that it took place.

. Q Did you discuss this strategy with Rich Miller?

. A It is possible that we did so, but I don't recall a specific time.

. Q Do you know Oliver North?

. A I wouldn't say that I know him. I have met the man, a great pleasure, too.

. Q Did you ever discuss the Barnes campaign in any way with Colonel North?

. A Absolutely not.

. Q You distinguish between the Antiterrorism American Campaign advertisements for Congressman Barnes, which I believe you indicated ran in the fall of 1986, is that correct?

. A That is correct, well, late August or early September, because if I remember correctly, one of you all probably remembers the Democratic Primary in '86 was right at the beginning of September in Maryland in '86, wasn't it?

. Q Apart from the exact date, your recollection.

. A Late summer-early fall.

. Q In August or September of 1986?

. A Yes.

. Q You distinguished those advertisements from the Sentinel advertisements which ran earlier in the spring of 1986.

. A Correct.

. Q Involving Congressman Barnes, is that correct?

. A Correct.

. Q And it was your understanding that the Sentinel advertisements focused more on the Nicaraguan aid vote issue?

. A They focused strictly on the issue of aid to the contras.

. Q And what was the strategy with respect to those ads?

. A I thought I explained it earlier. The idea was the wording, the Sentinel, the lobbying organization ran ads in a number of Congressmen's districts, specifically talking about specific Congressmen's stands on the issue of aid to the Freedom Fighters, and the wording--I don't recall the exact wording, you probably have all got copies of the

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tapes, but the gist of the ads that were run on all the Congressmen except Barnes was so and so, Congressman, whatever, hasn't yet decided, or something like that, whether to support the President, call him and tell him to, whereas the Barnes ads, which were rather more harsh in tone, said ''Isn't supporting the President.'' Notice the difference?

Hasn't made up his mind, and isn't--call him, wake him up. And the idea was that Barnes, of course, being one of the foremost critics of aid to the Freedom Fighters, and being very conveniently located right here in the Washington Metropolitan Region, Congressmen would see the ads about Barnes, take note of the difference between the ads that were running about them and the ads that were running about Barnes and would be more disposed to help us on the theory, well, these people could get really nasty if they wanted to, but they are not being nasty. They are just saying ''Hey, guys, come on'', and that was the strategy there.

Q With whom did you discuss this strategy?

A Kuykendall and Spitz and myself discussed it a number of times, because I remember Kuykendall saying that he was going to be bringing copies of the ads to show to some of the Congressmen that were having them run on them. You know, gee whiz, this is running in the district right now. Wouldn't you like this to go away?

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. Well, then, just go ahead and say you are going to support aid to the Freedom Fighters.

. Q But the ad that was being run in the Congressman's district with whom Mr. Kuykendall was conferring, I take it that was the relatively soft ad?

. A Yes, exactly.

. Q And not the hard ad?

. A Exactly.

. Q Was Mr. Kuykendall also to indicate that if they didn't change that the hard ad would start running in their district as well?

. A I don't recall him ever--it ever being discussed that he was going to threaten them in that way. The idea was you don't need to say that to a Congressman. If he is seeing the Barnes ads, he knows what can happen. You don't need to say it.

. Q Did you discuss this strategy with anyone from the Goodman agency?

. A I may have given somebody from the Goodman agency some instructions over the phone on how to change some of the ads, or something like that, but I don't recall discussing them in any great detail with anybody from Goodman.

. Q What was the relationship, if any, Mr. Littledale, between the ads that were sponsored by Sentinel and the other public education advertisements that were sponsored by the National Endowment for the Preservation of Liberty or NEPL?

. A Spitz was head of both organizations, and Cliff and myself and Spitz and Jane McLqughlin raised the money to finance both.

. Q But was there a coordinated strategy in using the NEPL ads together with the Sentinel ads to try to achieve a favorable vote in the Congress?

. A I don't think it was a mistake that many of the educational ads ran in the same areas as the lobbying ads did. If you are trying to describe a 1-2 punch or something like that, I don't recall ever sitting down and discussing it as such.

. Q What was the objective of the educational ads, as you understood it?

. A To make people more favorable to the idea of the Nicaraguan Resistance, to make people dislike the Sandinista government and like the contras, to educate them in such a way that they understood why the President wanted aid for the Freedom Fighters.

. Q What was the criteria for selecting media markets for running the educational ads?

. A Areas of the country where you have people that are generally pro-defense, anti-communist, and thereby an audience that is going to be listening and likely to come around to your point of view.

. Q Was the presence of a potential swing vote another criteria for selecting a media market, a swing Congressional vote?

. A Inasmuch as I never sat down and had anything to do with helping to select the areas where they ran in, I can't say absolutely positively one way or the other. I don't think it would be unfair to say that, but I can't give you an absolutely definitive answer, because I was not in a position to be making decisions like that, and my advice was not sought on decisions like that. I was a fund-raiser and not a strategist.

. Q Going back to a question I asked you a few minutes ago about your conversations or meetings with Mr. Kuykendall, we agreed that your initial answer would be limited to meetings up to a certain date in November, 1986. Have you been involved in meetings with Mr. Kuykendall since approximately November 20, 1986?

. A Yes.

. Q What has been the subject matter of those meetings?

. A Preparing some kind of defense against the wild and ridiculous charges printed in the Lowell, Massachusetts Sun to the effect that proceeds from arms sales to Iran had been funneled to NEPL or other Channell entities, and had thence been used for the 1986 political campaign. Those charges, if you remember, were made in December of 1985 and were totally groundless.

RPTS MCGINN

DCMN SPRADLING

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[3:30 p.m.]

Q You mean in December of 1986?

A '86. I'm sorry. Yes. Were made in December of 1986 and were totally groundless and we had at least one specific meeting that I recall in which we were going over a strategy for trying to make Congressmen here on the Hill aware that that was a bunch of BS and, thereby, try to help diffuse some of the investigations of us that were taking place.

Q How do you know those changes were groundless?

A How do I know they were groundless?

Q Yes.

A Because I saw the book that was prepared of all the monies received by the National Endowment and if you will look at those books, you will see that they ain't no money there from Iran.

Q And that's the basis for your belief that the charges are groundless, the book that you reviewed?

A Yes.

Q Who prepared that book?

A The staff in general. I don't remember exactly who. I think it was prepared by our accountants, but I'm

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not sure.

. Q Was Rich Miller involved in preparing that book?

. A Probably.

. Q What other meetings have you been involved in with Mr. KuyKendall since November, 1986?

. A The only other one I recall--can you excuse me for just a moment?

. Q Sure.

. A Okay. The only other meeting that I recall was in April of this year and Mr. Channell had made a proffer to Judge Walsh's office essentially whereby he would plead guilty to one count of something or other--I have forgotten the specific terms--and Mr. Conrad, Mr. Smith and myself would receive immunity from Judge Walsh's office. Shortly after he made his proffer Judge Walsh's office contacted me or contacted my attorney and through my attorney, essentially offered me immunity if I would come in and testify against Mr. Channell, Mr. Conrad and Mr. Smith, and anybody else they could think of, thereby giving them, I suppose, enough ammunition to put a little bit more pressure on Spitz to plead guilty to more than just one count.

I discussed that with my attorney and my family at some length and came to the conclusion that we should tell Mr. Walsh's office to sit on a hot rod and rotate and we did so. I had lunch shortly after my attorney provided my response to Judge Walsh's office and at that lunch present were Mr. Kuykendall, I believe Mrs. Kuykendall, Spitz Channell and I think some other people, but I don't remember whom and Mr. Channell said to me at some point during the course of the lunch--he had learned from his attorney that I had rejected this offer from the prosecutor's office and he said to me I understand we have something to thank you for. And I smiled and said something like what the hell. And there was really no further discussion of it there but Mr. Kuykendall was there and it related to all this kind of stuff.

. Q Other than the meeting with Mr. Kuykendall to discuss the strategy for dealing with the Lowell Sun allegation and the luncheon that you have just described, have you had any further conferences with Mr. Kuykendall since November, 1986?

. A Yes, as a matter of fact. I just remembered it. [redacted]

. MR. BUCK: Can we go off the record for a second please?

. [Discussion off the record.]

. THE WITNESS: Shortly after Ms. McLaughlin had told her story to ABC news I got a call early in the morning from Dan Kuykendall. He asked me to come over to his office and

I went over to his office. We discussed in some detail certain knowledge that we had regarding Mrs. McLaughlin [redacted] and he discussed with me the possibility of my meeting with a reporter. I believe her name was Rita Beamish, but I'm not sure, and discussing what I knew about Mrs. McLaughlin [redacted] in an attempt to discredit Ms. McLaughlin somewhat.

. I discussed that with him. I was very enthusiastic about the proposal and I said of course, Mr. Kuykendall, that I would have to discuss this with my attorney first and I called my attorney and he strongly discouraged me from doing so. So I informed Mr. Kuykendall that much to my regret, on the advice of counsel, I would have to decline the opportunity.

. BY MR. FRYMAN:

. Q But Mr. Kuykendall was urging you to have such a meeting with this reporter; is that correct?

. A Well, he didn't say jump up and down and say do it, do it, do it, but it was quite clear he was in favor of the idea.

. Q Have you had any other conferences with Mr. Kuykendall since November of 1986?

. A Probably, but none that I recall specifically.

. Q Did you have any discussions with Mr. Kuykendall about the strategy for dealing with the congressional investigations?

A The only thing that I would say related to that was what I already described relating to the Lowell, Massachusetts Sun report.

Q Now, from August of 1985 through 1986 you functioned as a fund raiser for Mr. Channell; is that correct?

A That's correct.

Q What was the total amount of money that you were responsible for raising during that period as best you recall?

A I have never added it up dollars and cents, but up until the end of 1986, thereby leaving out funds I raised in 1987, I believe the total was somewhere in the vicinity of $850,000.

Q how much of that was for programs related in some way to Nicaragua?

A The vast majority.

Q Would you estimate?

A Over 90 percent.

Q Is it your judgment that your experience was typical of the fund-raising activities of the other fund raisers in that a similarly large majority of the funds that they raised during that period also related to programs involving Nicaragua?

. A Regarding--possibly I and maybe probably with Cliff Smith but Spitz raised a lot of money for an awful lot of different things. But I would say that definitely myself, Mr. Channell, Mr. Smith and Ms. McLaughlin certainly over 50 percent was related to Nicaragua, certainly the majority.

. Q Beyond that you are not sure?

. A No. I didn't keep terribly close tabs. See, I know that Cliff raised a bunch of money for--I'll keep this to '86. He raised a bunch of money for political campaigns. he raised a bunch of money for the SDI project and I don't know how much he raised all told. So it's hard to say but in my estimation, certainly the majority of funds raised by the fund raisers I have named were raised for programs related to Nicaragua.

. Q And in 1985 and 1986 you raised approximately $850,000, of which more than 90 percent related to Nicaragua?

. A Yeah.

. Q Did you have particularly assigned contributors that you were to contact?

. A Well, every name I ever got just about was assigned to me by Mr. Channell.

. Q How large a group of names did you have?

. A Well, of prospects hundreds, hundreds and hundreds and hundreds and hundreds and hundreds and hundreds.

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. Q And would you contact them by telephone or by letter?

. A Yes. By telephone.

. Q And then once you developed a contributor through a telephone contact, would that contributor remain as someone to be contacted by you for further programs?

. A Yes. We referred to them as our contributors. He's my contributor.

. Q How large was the group of your contributors? And by that, I mean the individuals who actually made contributions that totaled the $850,000.

. A Again, you all have my records and without looking at them I couldn't tell you anywhere near specifically, but I would say the total number of people that gave me money at one point or another probably numbered less than 40, but more than 25. But without looking at them I really can't tell you specifically.

. Q Do you recall your five largest contributors?

. A Probably.

. Q Would you name them?

. A Yes. I can't promise you that these will actually turn out to be the five largest, but according to my recollection Bill O'Neil, Ken and Zelma Giddens, Tom Clagett, Mel Salwasser. Probably the fifth would be Henry Salvatori.

. Q Now, you mentioned earlier that one of the objectives of the fund-raising activities was to raise funds to purchase lethal equipment. When was the first time that the subject of fund raising for lethal equipment came up in discussions with you?

. A I believe it was in October of 1985.

. Q With whom did you have this discussion?

. A Mr. Channell.

. Q Just the two of you?

. A Yes.

. Q What did he say?

. A Specific words I don't recall, of course, but as I remember it, we had had lunch at La Brasserie on Capitol Hill and I then accompanied him in his car. I believe he had to go to the bank or something like that but as I remember it, I accompanied him in his car to somewhere and he was bringing me back to the office and we sat in his car for a few moments and I don't recall how the conversation came up, but he essentially said something like yes, we are going to raise money to buy missiles to shoot down the Sandinista helicopters, which pleased me no end because I had been hoping almost from the very start that was what we were using some of our money for.

. Q What did he ask you to do, if anything?

. A I don't think he specifically said call so and so and get him to give money to my missiles, but as I remember it, the gist of the conversation was certainly one of encouraging me to solicit select people for the purpose of obtaining money to purchase surface-to-air missiles.

. Q Did he mention Colonel North in this initial conversation?

. A Whether he mentioned Colonel North at that moment, I don't really know. But I was aware that Colonel North was having private meetings from time to time with contributors and prospective contributors and that--my chronology may be a little bit messed up here, but I was aware certainly at that point that he was having private conversations with these contributors and I became aware at some point that the topic of conversation at these meetings was lethal aid to the freedom fighters.

. MR. TOURISH: May I speak with my client just a moment please?

. [Discussion off the record.]

. BY MR. FRYMAN:

. Q Do you wish to add anything further to your answer?

. A Not that I can think of.

. Q Now, following this initial discussion with Mr. Channell in October of 1985 about raising money for missiles, what was the next conversation that you participated in regarding raising funds for lethal equipment?

A The next time that I specifically recall it was after a meeting between Colonel North, myself, Mr. Conrad, most of the NEPL staff and a number of contributors and prospective contributors. It happened I guess the day after that meeting and Mr. Channell had brought Tom Clagett over to see Colonel North in the morning.

Q Can you fix a month on this meeting?

A November.

Q November of 1986?

A '85.

Q Okay.

A And I came to understand that at the meeting between Mr. Channell, Mr. Clagett and Colonel North, that the topic had been lethal aid and that Mr. Channell had specifically asked Mr. Clagett to give money for the purpose of purchasing lethal aid.

Q Now, you did not attend this meeting?

A I did not.

Q And you say you came to understand these events that occurred. How did you come to understand that?

A Well, as we were walking out of the old Executive Office Building, when the meeting between the NEPL staff, a number of contributors and prospective contributors and Colonel North had taken place, Tom Clagett said to me something to the effect of well--that's his words, said something to me to the effect of expletive deleted, we have got to get some guns to these people. And I looked at him a little bit taken aback and said to him, not now. There's a place and time to discuss this.

And we adjourned to the Hay-Adams and had cocktails before dinner and I went over to him and I said something to him to the effect of, you know, I understand you wish to provide some concrete support to the freedom fighters and he said, yes, that's what we need to do. And I said, well, the biggest problem they have got right now is the Sandinista helicopters. They really don't have any means of defending themselves against these helicopters and we are working to try and provide them with those means and if you would be receptive to making a fairly large grant, something in the region of 20 to 30 thousand dollars, then you should discuss this more privately with Colonel North tomorrow morning.

And he allowed as how he would be very receptive to this. So I informed Mr. Channell of the same and he arranged for himself and Mr. Clagett to go over and see Colonel North in the morning.

Q And how did you learn about what occurred during that meeting the next morning?

A Well, I never learned the specifics but Mr. Channell informed me that Mr. Clagett was going to be helping us with a grant of about $20,000 and putting two and two together, given the fact that the purchase price we were bandying about of surface-to-air missiles was $22,000, I came to the conclusion that what was discussed at that meeting was surface-to-air missiles, and that Mr. Clagett had been prevailed upon to provide a grant to help with the purchase of surface-to-air missiles.

Q But what more did Mr. Channell tell you about the meeting other than the fact that Mr. Clagett had decided to make a grant of approximately $20,000?

A I don't recall him going into much more detail than that. I was fairly new with the company at that time and I think I was still being kept pretty much at arms length in that my reliability was not yet fully known.

Q What was the next occasion that you recall where you participated in a conversation relating to lethal aid?

A On or about the same day. Mr. O'Neil had also been at the meeting in the evening between the NEPL staff and a number of contributors and prospective contributors and I had discussed our public education campaign with him in some detail and he seemed very positive about it. He also--let me pick my words here--he also didn't seem to me like the sort of chap that was going to be terribly receptive to being solicited for the purpose of purchasing lethal aid, and I made that feeling well known to Mr. Channell.

But Mr. O'Neil was very much in support of the freedom fighters' cause and I had been informed by Mr. Channell that Mr. O'Neil was an exceptionally wealthy man and so I asked Mr. Channell to arrange for Mr. O'Neil to meet privately with Colonel North in the morning and stressed to Mr. Channell repeatedly that the topic of conversation should not be lethal aid; it should be the program of public education.

The next day after the private meeting had taken place, probably in the same conversation that Mr. Channell informed me of Mr. Clagett's decision to make a grant of $20,000, he informed me that Mr. O'Neil was going to be making a grant of $20,000 and he made a comment to the effect of Ollie blew it. And I took that to mean--he said a couple of other things like he got carried away or he got confused or something like that, but I took that to mean that Colonel North had discussed lethal aid with Mr. O'Neil. I don't know that for an absolute fact, but given the fact that the grant was the same size and Mr. Channell's statement Ollie blew it, that's what I took it to mean.

Q Well, had you suspected a larger contribution from Mr. O'Neil?

A No, not at that time.

Q It was your understanding after these reports from Mr. Channell that Mr. Clagett's grant was to be to purchase lethal aid and Mr. O'Neil's grant was for the public education campaign; is that correct?

A No.

Q What was your understanding?

A My understanding was that Colonel North had discussed lethal aid with Mr. O'Neil at the time of the private meeting and that that was the purpose for which he was making the grant. But as I said, nobody ever stated that to me in so many words. That was the conclusion so that I drew from Mr. Channell's statements at the time.

Q What was the next occasion where you participated in a conversation concerning lethal aid?

A Oh, Lordy. A couple of days after that meeting I was on the phone with Mr. Clagett and essentially the purpose of the call was to encourage him to make his contribution with all possible alacrity and he made a comment to the effect of, and almost a quote is on one of my cards which I believe one of you all probably has, but he made a comment to the effect of I'd sure like to get a piece of that chopper I get. And that's the next instance I recall in which the subject of lethal aid came up.

Q What is the next instance you recall?

A Can you all excuse me for a moment? Thank you.

[Short recess.]

BY MR. FRYMAN:

. Q I think there was a pending question.

. A Yes. If I remember correctly you asked me the next time after my phone conversation with Tom Clagett that lethal aid to the freedom fighters came up.

. Q Yes.

. A May I ask you a question? I suppose this can be on the record. You asked me a couple of moments ago the next time it came up and I described to you my conversation on the telephone with Tom Clagett. No specifics were discussed there, as you can see. Do you want me to try and recall every instance where even that passing a reference was made?

. Q Yes, yes. Let's identify all of these instances.

. A Okay, fine. I almost assuredly will not be able to recall every single time that it came up but I'll do my best.

. Q To the best of your recollection.

. A Yes. Well, about four days after that meeting Spitz told me to call O'Neil and to sort of again to encourage him to get his contribution to us with all possible alacrity and he said something to the effect of tell him Green needs your help, Green being sort of I suppose you could call it a code name for Oliver North. And--to tell him Green needs your help; he's waiting for your help, which I did. And Mr. O'Neil informed me he would be sending a check within the next day or two.

. Q Did you understand this to be a follow up to the commitment to contribute $20,000 that you referred to earlier?

. A Yes, I did.

. Q What was the next occasion after this conversation?

. A As I remember it, in late December or early January--late December of '85 or early January of '86, for some reason somebody asked me what is this check for? And I said toys. And pretty much ever after that I used the word ''toys'' to refer to lethal assistance.

. Q Let's go back then a minute, Mr. Littledale, and clarify a couple of things that you referred to. You mentioned that Colonel North was referred to as Green. Was that the standard procedure in the NEPL office to refer to him as Green?

. A Certainly in '85 it was. As '86 progressed--and Dan and Mr. Channell would also occasionally refer to him as Ollie or Colonel North but generally the practice was to refer to him as Green, although as '86 passed the term ''Green'' became less and less common and we would refer more commonly to Colonel North or Ollie.

. Q Do you know how that practice originated?

. A I have no idea.

. Q Who told you to refer to him as Green?

. A I can't be sure. I really can't be sure.

. Q All right. You also referred to a toys account.

. A No. I didn't use the word ''account''.

. Q Well, did you understand there was an account that was identified as the toys account?

. A No. I never understood there to be an actual specific account that was the toys account.

. Q By account, are you referring to a bank account?

. A Yes. Yes.

. Q Or are you referring to a ledger account?

. A I'm referring to a bank account. And I didn't know anything about ledger accounts unless you want to talk about the little book that we recorded checks coming in on a daily basis. Ledger sounds like an accounting-type term to me so I'm trying to be careful. When it comes to the specific accounting ledgers, I had no idea what the devil was going on with them at that time. Much later on I became a tiny bit more aware.

. Q Are you familiar with basic bookkeeping principles?

. A Absolutely not. I'm terrible at math. I got married so that somebody could keep my books straight. Shall I tell you what I do know?

. Q In January of 1986, Mr. Littledale, when you use the phrase ''toys'' in the context of military aid, what did you understand you were referring to?

. A Military aid.

. Q And did you understand that toys was some sort of an identification for military aid?

. A It was a name I gave to military aid. As I recall it, I'm the one that came up with that phrase.

. Q It's your recollection you were the originator of the phrase?

. A Yes.

. Q Had you been aware that there was an account that had been identified previously as the toys account that was being used to identify funds collected for a Christmas fund for Mr. Calero?

. A I knew that we had done some fund raising in December of 1985 for a short period, just a couple of weeks in December for the specific purpose of putting together some small things that the freedom fighters could carry in to their families. They are pretty strongly Catholic, a lot of the Nicaraguans, and Christmas, of course, is a fairly important time to them. It was my understanding that we raised some money in December to enable them to bring some small things home at Christmas time. I was never aware that those monies had specifically been referred to as toys or that an account had been set up with the name ''toys'' for those funds to be used for.

. My recollection is that that story of what toys was was something that developed after Jane McLaughlin went public. That's my recollection of the funds we raised in December of 1985 being used--being called ''toys''.

. Q Your recollection is you are the person who originated the phrase toys?

. A That's correct.

. Q Why did you select the word toys to refer to military or lethal equipment?

. A Well, because I like guns and there's an old saying little boys don't grow up, they just got more expensive toys. And I don't refer to the guns I own as toys, but in a fashion. They are what I use for pleasure. I get my enjoyment in my leisure time from shooting and so it seemed an appropriate name.

. I mean a common phrase of mine when people ask me what I do in the National Guard is to say I get to play with all kinds of good toys, M-16s, M-203 grenade launchers, M-11 Bradley personnel carriers, all kinds of fun toys. So it was sort of natural for me to call money raised for lethal assistance money for toys.

. Q And you say in January, 1986, you remember a specific discussion--

. A December or January of '86 somebody asking me what is this check for and my saying toys.

. Q And you don't recall who that person was?

. A No, no.

. Q After that occasion did you have a number of other discussions where you told other persons that toys meant contributions for military equipment?

. A I think Jane McLaughlin may at one point have asked me what toys meant and I may have said lethal assistance. But I'm not absolutely positive and I don't recall anybody asking me what toys meant.

. Q Did you ever tell Steve McMahon that toys was a name for lethal aid?

. A I don't recall my ever telling him so. I think I recall in late December or early January, late December '85 or early January '86 Steve McMahon asking Spitz what it was for and Spitz saying it's for arms and ammunition for the freedom fighters. That's my recollection.

. Q You recall McMahon at this time asking Channell what toys represented?

. A Yes. That's my recollection.

. Q How was he aware of the phrase ''toys''?

. A Well, he being the accountant, when a check came in it was Xeroxed.

. Q Right.

. A Two copies actually, I think. And it would be stamped with the date it came in, the name of the fund raiser who had raised the money would be written on each Xerox and the purpose for the money would be written on it.

One of the copies of the checks would go to McMahon so that he could enter it into the accounting ledgers and all that kind of good stuff, and as I recall it, he saw a copy of a check with toys written on it and went to Spitz and after seeing it a couple of times said Spitz, what is toys?

. Q So on that occasion is it your recollection that you had written toys on the check?

. A Either I had written--not on the check but on the Xerox of it.

. Q On the copy of the check.

. A Yes. Either I had written it on there or the person that had asked me what is this check for and I had said toys, had written it on there. Probably wasn't me actually writing it on the copy of the check. It was probably the person that asked me what's the check for that wrote it on the copy of the check.

. Q And then you told Mr. Channell that you were using toys as a code name or synonym for contributions?

. A No. I don't recall ever telling him that I was using that phrase.

. Q Well, you had a recollection of Mr. McMahon asking Mr. Channell what does toys stand for and Mr. Channell explaining to Mr. McMahon that it stood for or it was a contribution for military equipment.

. A Right, right.

. Q Do you know how Mr. Channell had learned what this word stood for?

. A No, I don't know how. I would assume that he was able to deduce what it was for or judging by who the check came from he was able to deduce. Certainly if he sees--he solicited Tom Clagett, right? He brought Tom Clagett over to see Ollie North. He did the solicitation of Tom Clagett. He sees toys written on Tom Clagett's $20,000 check. Okay now, I know what it is. That's the way I remember it. I don't have a concrete explanation as to why he would know what toys meant.

. Q And you don't recall explaining it to Mr. Channell?

. A No, I don't.

. Q But you do recall hearing Mr. Channell explain to Mr. McMahon that toys meant a contribution for military equipment?

. A Yes, yes. I know that sounds kind of strange, but it's the way I remember it.

. Q And you recall telling Jane McLaughlin that contributions for military equipment were to be identified by the code name toys?

. A I don't specifically recall telling her that. It's in my head that I probably did. The reason that I would think that I probably did is because she wasn't terribly close with Spitz or Cliff and she talked to me quite a bit regarding fund raising and projects and stuff like that. And so if she ever asked, she almost assuredly would have asked me in that we talked quite a bit. So I have this feeling that I probably did, but I don't specifically recall her asking me one day and my telling her.

. Q All right.

. Now by this point in January of 1986 did you believe that Mr. Channell had become confident enough with you that he could discuss openly with you solicitation of contributions for military aid?

. A Well, you can never tell how much Spitz trusts you but I feel comfortable in saying he trusted me more than he had two months earlier.

. Q Certainly by January, 1986, according to your recollection, he was comfortable enough with you that he would explain to Mr. McMahon in your presence that a reference to toys meant a reference to contributions for military aid?

. A I don't recall--at the time when I recall him explaining that to Mr. McMahon I don't recall whether I was actually in the room or just outside the door. I don't know if you have seen or seen a layout of the offices that Mr. Channell's organization were housed in at the time, but the top floor of it was an office like this which was where Mr. Channell's desk was and where I also worked from. Then there was a large sort of common public area out here where his secretary and the files were housed, and I recall that it was in the evening in that it was dark outside and Spitz was in the office later than was usual for him. And Mr. McMahon came from where accounting was housed, which was over here, came through--

. Q Mr. Littledale, you'll have to recognize in giving your answer that the reporter cannot reflect any indications you are making with your hand.

. A Mr. McMahon went into Mr. Channell's office and asked him that and I don't recall whether I was in the room at my desk or whether I was just outside the room in the public area and able to overhear it.

. Q All right. Then returning to the discussions that you participated in about contributions for lethal equipment, what was the next conversation that you recall?

. A I can't swear this was the next time but the next time I remember was towards the end of January I was making a trip out to California and I had arranged or was arranging to see a gentleman in California, name of Mel Salwasser, and Mr. Salwasser is a wonderful gentleman, very strong anti-communist and felt very strongly about the Nicaraguan issue and it was my belief that he would be interested in providing support for lethal equipment. As a matter of fact I had had a conversation with him on that subject in

November but why don't I get back to that seeing as how I'm in the middle of this.

And I called Spitz on the phone and said gee whiz, I'm going to see Mel. I think I'll ask him to give us $20,000 for a missile. This was on the phone, this conversation. Mr. Channell said something along the lines that would be wonderful, that would be fabulous if you could get him to give $20,000. See if you can get him to give two. That's $44,000. That was that conversation.

To go back to what I mentioned earlier, in early November Mr. Channell had noted that on one of my cards regarding Mr. Salwasser I had stated my belief that he would give large sums of money for the purchase of lethal assistance and Mr. Channell had instructed me to solicit him for the purchase of one or more suface-to-air missiles or for the purchase of radio equipment. And I did so. I solicited him for that and he, as a result of that solicitation, gave $5,000.

Q This was for radio equipment?

A Well, no. It's hard to say. I described both surface-to-air missiles to the gentleman on the phone, also described the radio equipment and described the cost of each, and he interrupted me with something along the lines of well gee whiz, I'm not Bunker Hunt. I don't have that kind of money, but I'll give you $5000. I said thank you

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1348 very much.

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DCMN PARKER

[4:30 p.m.]

Q And then you were returning to January, you were traveling to California to meet with him in January, and what did you say to him in January?

A You mean when I met with him?

Q Yes.

A It was kind of funny. I was going to California to see another gentleman as well regarding something else, not lethal assistance, and I was going to, while in California, see Mr. Salwasser, as well, and as things worked out, I wasn't able to see Mr. Salwasser because he was at the time in Pennsylvania on business, and was detained there and was unable to meet with me in California.

After I learned this a day or so later while still in California, he called Mr. Salwasser in Pennsylvania and spoke with him in some detail about the need for surface-to-air missiles, and stated our desire that he should give us the money for the purchase price of two of them, to which he agreed, and I further allowed as how I would like to meet, fly from California back up to Pennsylvania, meet with him in Pennsylvania to describe it in somewhat more detail and in person, which he agreed to.

I described the situation to him, described all of the freedom fighters' needs from boots to AK's, ammunition for the above, and surface-to-air missiles, and again stated our desire that he should give us the purchase price of two, to which he said that he felt he could do that, and as soon as he returned to California he would check the books and tell us just exactly how far he could go to help us.

. Q Did you have further conversations with him about this proposed contribution?

. A Several.

. Q And did he make a contribution?

. A He did eventually. It took three months, but he did eventually make the contribution of $20,000.

. Q Was that to purchase one missile?

. A That is my belief. I mean when I called him fairly regularly during the course of two to three months, and kept stressing the immediate need for his help and support, and he did eventually send a check for $20,000.

. I did not upon receiving the check call him up and say now, Mr. Salwasser, is this for one missile.

. Q Up to this point, Mr. Littledale, I just want to summarize for the record what you understood had been contributions by your group of contributors for lethal aid. What was the first one?

. A The first one received or the first one solicited?

. Q Say the first one solicited.

. A Tom Clagett.

. Q And that ended up in a contribution of how much?

. A $20,000.

. Q And the next solicited?

. A Bill O'Neil on the same day as Tom Clagett.

. Q And that again was $20,000?

. A That's correct.

. Q And after that?

. A After that--no wait. Actually the first one may have been $5,000 from Mel Salwasser. That probably was as a matter of fact. Again, if I had my cards in front of me, I could be more helpful as to specifically which was first, but I believe the first was $5,000 from Mel Salwasser. Then the next one solicited would be Tom Claget: and Bill O'Neil, both on the same day, the next one after that being Mel Salwasser.

. Q Which eventually led to another $20,000.

. A Twenty thousand dollar contribution.

. Q Working forward, I guess we were in January of 1986.

. A Late January, early February.

. Q And your conversations with Mr. Salwasser--following those conversations, what was the next discussion you had that involved lethal aid?

. A I am not absolutely positive this was the next time the subject came up, but I think it was the next time of any substance that it came up. I am quite sure that passing references were made, but I don't remember them. The next time that I remember was I believe in April of 1986. I had solicited a Mrs. Zelma Giddens on the telephone for the purchase price of one Maule Aircraft, which was to be used for immediate evacuation and resupply purposes, and also for intelligence gathering, and she had agreed to make the contribution, and was going to come up to Washington with her husband to talk briefly on the subject with Colonel North.

. And I said to Mr. Conrad, I guess about a day or so before that meeting took place, I said something along the lines of, ''Gee, Dan, wouldn't it be great if on top of getting $65,000 for this aircraft we could get maybe another $20,000 or so for a missile? How do I get the subject of missiles to come up in conversation while the meeting between Mr. Giddens, Mrs. Giddens and another gentleman who was coming there,'' whose name was Imperatore. ''How do I get it to come up in conversation?''

. And he said, ''Well, while we are all sitting there, you can say to Colonel North something along the lines of, 'Gee, Colonel North, what is the biggest problem the freedom fighters have?' And he will say the helicopters that the Sandinistas have, and you can then say, 'Well, what can we do about that?' And he will then discuss surface-to-air missiles.'' And that conversation took place.

. Q Approximately when was that?

. A Approximately April of 1986, and I remember two other instances where the subject of lethal aid came up.

. Q Between January and April?

. A It may have been probably earlier than January. I don't recall at all.

. Q Let's just finish the questioning about this April conversation. This meeting with Colonel North was at his office?

. A No. It took place at the Hay-Adams Hotel.

. Q And was the result of this meeting that Mrs. Giddens made an additional contribution to purchase a missile?

. A No, it was not.

. Q It was not.

. A No.

. Q So it was unsuccessful.

. A Correct.

. Q But she did make the contribution to purchase a Maule aircraft?

. A She made a contribution of $32,500. She had brought this other chap, Imperatore, along on the theory that he would pay half of it, and she would pay half it. However, I think we scared Mr. Imperatore considerably with the discussion at the table and what not, and he did not make a contribution.

. Q You were going to go back to relate a couple of additional conversations.

. A Yes. Sometime, I think it was probably December 1985, I called a chap named Jim Landrum, and my recollection is that I didn't get really specific with reference to missiles. As I recall it, I explained the danger that the Soviet-supplied helicopters posed to the freedom fighters, and explained that we were putting together some money to provide the means for the freedom fighters to protect themselves from these helicopters, and would he please help us.

. And I believe he made a contribution of $500 or $1,000 as a result of that. I also called at the instruction of Mr. Channel a gentleman named of Somers. I think his name was Somers. Again, I would have to see some of my records you all have to be sure, but I believe his name was Somers and he was somewhere in the Dallas area, and Mr. Channel had met him and instructed me to call him, and the freedom fighters had just succeeded in shooting down one of the Soviet-supplied helicopters, and Mr. Channel instructed me to call him and say something like, ''Well, did you know? Isn't it wonderful? You see how effective we are being. We need you to help us.''

. And I said something along those lines, and he said, ''Oh, well, yes. Say hi to Spitz for me. I have been thinking about this for a while now, and I had already decided to give you a thousand dollars. Where do I send it?''

. And also in, I believe late January of 1986, there had been some talk floating around the office that we were going to receive a shopping list from Colonel North, and I called, while Mr. Channel was in the room, Mr. Landrum from the Dallas area, and he is also from Dallas, both the guy who--I think his name is Somers, and Mr. Landrum both from the Dallas area, and I called Mr. Landrum and explained that we had a shopping list sent to us from the White House, and that we needed him to provide us with $10,000, and could I, when we received the shopping list, come and see him and count on him for support of about 10,000. And he allowed as how he could probably do that.

. However, we never got the shopping list, and so that meeting never took place.

. Q In the chronology we were up to the discussion between Colonel North and Mrs. Giddens in April of 1986. What was the next conversation you recall involving lethal aid?

. A I may remember some more, but the next one that has

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come to my mind was in July, I believe, of 1986. I was calling--we were raising some money for food for the freedom fighters, and I called a gentleman named of Hercz, who is from, I believe, Michigan.

. Q How do you spell that?

. A H-E-R-C-Z, and in the course of conversation with him, he said, ''Well, gee whiz, I understand this is some group you can send money to to buy guns for the freedom fighters.'' And I said, ''Well, gee whiz, I know a little bit about that. Perhaps we can get together at some point and talk privately about it. If you want to do that, there is somebody here in Washington you should meet.'' And he said, ''Gee whiz, that would be a great idea.''

. Then I continued my solicitation for money for food, and he did eventually send a check for $501 to buy food for the freedom fighters and nothing further on the subject of lethal aid ever came up with him.

. Q What was the next conversation that involved lethal aid?

. A This is not an answer to that, but to a much earlier question you asked, topics that we had raised money for--lethal aid, public education, etcetera, Maule aircraft. There was one other which was air fields to be built in Costa Rica.

. Q All right.

. A And when you want to ask me a question about that, just holler, but that just popped into my head, so I thought I should tell you.

. The next situation after July in which lethal aid came up, the next one that I recall was I believe in September. It must have been October of 1986. Mr. Salwasser was again in Pennsylvania, and with Spitz' approval I talked to him about coming here to Washington to meet with Colonel North on the subject of these air fields, and the night before that meeting was to take place, Mr. Channel instructed me to call Colonel North and sort of give him a brief idea of what we wanted him to talk about when he talked with Mr. Salwasser, and I called Colonel North's office.

. Colonel North was otherwise occupied, and I spoke to his secretary, Fawn Hall, and Fawn said--she answered the phone. I said, ''May I speak to Colonel North?'' She asked me who I was. I said who I was. She said, ''Gee, he is tied up.'' Can I leave a message, and I said, ''Oh, well, I wanted to talk to him about the meeting with Mr. Salwasser tomorrow, and what we intend to solicit him for.'' And she said, as I recall it--I mean they are the words I recall her using. I can't be sure those were the words she used. I recall her saying, ''Oh, well, how much should he ask for?''

. And I said, ''Well, what we want him to talk about,

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we were initially going to ask Mr. Salwasser for $100,000. We now are thinking about asking him for $250,000, and we want him to talk about the radar sites around Nicaragua and how the freedom fighters are going to use small arms and demolitions to destroy them, and how this air field that is being built in Costa Rica is going to be used to fly supplies to the freedom fighters inside the country, and how the freedom fighters are going to destroy the radar sites so the planes coming in won't be detected, and that was what we want to do.''

And she said, ''Okay, good. Thank you.''

Q Did Mr. Salwasser meet with Colonel North the next day?

A He did.

Q Did you attend?

A I did.

Q What did Colonel North say?

A Oh, he talked about a whole doggone bunch of things.

Q Did he ask for money?

A He never asked for any money, no. He never specifically asked anybody to give any money in my presence.

Q Did he talk about the need for missiles?

A No, he did not.

Q Did he talk about the need to construct an air field in Costa Rica?

. A He did.

. Q Did he talk about any other lethal equipment or the need for any lethal equipment other than missiles?

. A He didn't talk about missiles at all in that conversation. He may have briefly mentioned some of the types of small arms that the freedom fighters used, but the specific think he was talking about the freedom fighters needing now was an airfield in Costa Rica.

. Q Did Mr. Salwasser make a contribution after this meeting?

. A He did.

. Q How much?

. A $20,000.

. Q And did you understand that was for the construction of the airfield?

. A I did.

. Q Staying on the subject of lethal equipment, do you recall any discussions about raising funds for lethal equipment after these conversations you have just described in September or October in 1986?

. A Not after then. I know that at some point I briefly discussed the subject with Jane McLaughlin, because she had some contributor coming in to town to see Colonel North.

. Q Is that Mr. Hooper, Bruce Hooper?

. A Yes, I believe it was, and I know she asked me a couple of questions about solicitations taking place directly after somebody had had a private meeting with Colonel North, and that related to non-humanitarian items, and I talked to her a little bit about it, and told her how I handled things.

. Q So again to summarize, Mr. Littledale, am I correct that the contributions that you solicited that you understand directly involved funds for lethal aid were $5,000 from Mr. Salwasser in the fall of 1985, $20,000 from Mr. O'Neil in early 1986, and another $20,000 from Mr. Salwasser later in 1986, and possibly a small amount of 400 to 1,000 dollars from Mr. Landrum and Mr. Somers.

. A A thousand dollars from Somers. I know the specific amount with him. With specific regard to lethal aid, those are the only ones that I recall right now. We should note, however, that solicitation of Mr. O'Neil and Mr. Clagett took place in November of 1985, that Mr. O'Neil's contribution did come in in late November or early December of 1985, but that Mr. Clagett's contributions did not come in until January of 1986.

. Q Were all of these contributions to the National Endowment for the Preservation of Liberty?

. A Yes, they were.

. Q Did you have discussions with any of these individuals about the contributions being tax deductible?

. A Probably.

. Q Was it your understanding that the contributions would be tax deductible?

. A Yes. I can't swear that I ever say something to the effect of give me money for weapons, it is tax deductible. You see, something you should keep in mind in the fund-raising aspect of it is that if somebody gives you one or two contributions to an organization, the National Endowment for the Preservation of Liberty, and he has been told those contributions are tax deductible, when you make future solicitations you don't need to say this contribution is tax deductible.

. The person in question will pretty much assume it.

. Q Let me turn to two other subjects quickly. You mentioned that one of the objectives of fund-raising was to raise funds for Maule aircraft.

. A Yes.

. Q Did you raise contributions for the purchase of Maule aircraft?

. A Yes, I did.

. Q Which ones?

. A The $32,500 from Mrs. Giddens.

. Q Any others?

A None that I recall. It is easy to remember the large contributions. It is not easy to remember small ones.

Q And you mentioned raising funds for construction of air fields in Costa Rica?

A Correct.

Q What funds did you raise for that purpose?

A Twenty thousand dollars from Mel Salwasser, and I don't recall receiving any other contributions for that purpose, but I do know that Mr. O'Neil, in response to a solicitation made by Spitz, made a contribution in the amount of $85,000 that I believe was for the purchase of a Maule aircraft, but that was not by solicitation.

Mr. Channel made that solicitation.

MR. TOURISH: May I speak with my client a moment?

BY MR. FRYMAN:

Q Other than the conversation with Mr. Salwasser, are you aware of Colonel North discussing the need for funds to construct air fields in Costa Rica with any other individuals?

A Yes. I was instructed by Mr. Channel to call Mr. O'Neil in the fall of 1986, and ask him to give us some money for that purpose. I did so. Mr. O'Neil essentially said, ''Well, I have got the money and I could give it to you.'' But, gee whiz, by now of course the House had passed in June of 1986 a bill authorizing assistance to the freedom fighters, both lethal and non-lethal, and he felt that, gee whiz, maybe it hasn't gotten to the President's desk to be signed yet, but private individuals shouldn't be footing the bill for this anymore.

. It is the government's business, now that they have gone and passed the blasted legislation, and the conversation sort of ended there after I discussed this matter with him in some detail as to why it needed to be funded by private individuals. I reported this result to Mr. Channel. Mr. Channel instructed me to call Mr. O'Neil back and ask Mr. O'Neil if he could receive a phone call on the subject from Colonel North the next day.

. I did so, and Mr. O'Neil said, ''Certainly.'' I reported that back to Mr. Channel. Mr. Channel called me the next day and said, ''Call Bill O'Neil and ask him if he can call Colonel North. Colonel North can't make any outgoing calls right now.''

. I did so and Mr. O'Neil agreed that he would make the phone call to Colonel North, and it was my understanding that they did eventually speak on the telephone together on the subject of airfields in Costa Rica, and that they had the conversation, but that no contribution took place as a result of it.

. Q Do you know Bill O'Boyle?

. A I do. Well, again, I wouldn't say I know him, but

I have met him.

. Q Did you have any discussions with Mr. O'Boyle about a contribution for military aid?

. A Yes, I did. Thank you for reminding me.

. Q When was that conversation?

. A It was while we were still in our old offices up here on Capit~~a~~ol Hill.

. Q Was it some time in the spring of 1986?

. A It would have either been--no, it had to be after--I would say, yes, the spring of 1986.

. Q Would you describe what you recall about the conversation with Mr. O'Boyle?

. A Certainly. We again had a meeting in the old executive office building in which Colonel North addressed a group of contributors and prospective contributors, and I did not have any contributors or prospective contributors at that event, but Ms. ~~[illegible]~~ Mc Laughlin had four. Four is an awful lot for one person to handle, so I sort of after we returned to the Hay-Adams from the old executive office building, I sort of attached myself to Mr. O'Boyle while we were having cocktails, and talked to him about Nicaragua, and what did he think of Colonel North's presentation.

. A And he said, or said something to the effect, ''Well, gee, this is terrible. We really need to do something about it. What can I do to help?'' And I said to him something along the lines of, ''Well, the biggest problem the freedom fighters have right now is the HIND helicopters, attack helicopters. They have really no means whatsoever of defending themselves against them. You can fire small arms against them and it has no effect, and we really need to provide them with the means of defending themselves against these helicopters. And if you would like to help us with a grant of, say, $20,000 to $30,000, then what I really need to do is arrange for you to meet tomorrow privately with Colonel North.''

And he allowed as how he would be delighted to help, and especially delighted to see Colonel North again in the morning privately, so I reported this to Mr. Channel, who immediately arranged for Mr. O'Boyle to meet with Colonel North the next morning, and it is my understanding that Mr. Channel accompanied Mr. O'Boyle to the old executive office building the next morning for a meeting with Colonel North.

It is also my understanding, although again I wasn't there, so I don't know, that the subject that came up at that point that Colonel North talked about at that point was Maule aircraft, and that Mr. O'Boyle subsequently gave a contribution of $130,000 for the purchase of two Maule aircraft.

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[5:00 p.m.]

. When you say it's your understanding, what is the basis for your understanding?

. A Well, I knew that he came--he saw Mr.--Colonel North in the morning and then I guess it was the next day he essentially just appeared in our offices and gave Spitz a check for $130,000 which--and then subsequently had drinks or dinner or something like that with Mr. Channell and in the course of conversations that took place after November of 1986 when all of this was getting into the press and what not, Mr. Channell and I discussed what individual people had been solicited for because we were trying to reconstruct who had been solicited for lethal aid and who had been solicited for other things, and he said well, O'Boyle gave $130,000. That's twice 65, therefore that must have been for two Maule aircraft.

. Q Were you aware of transfers of funds between the different Channell organizations?

. A Not until after things started appearing in the press.

. Q So specifically you were not aware of a series of substantial transfers of funds from NEPL to Sentinel in

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March of 1986?

. A Oh, well, there's sort of a backwards way that that took place. We were raising money for Sentinel to put on the lobbying advertisements and Mr. Channell called two of his contributors, I believe Ellen Garwood and Barbara Newington, and in his words, said guess what, I'm going to send you $40,000 or a certain amount. It was a certain amount with each one and I don't remember the specific amounts. I'm going to send you x number of thousand dollars back from NEPL. I'm going to give it back to you and then you are going to turn around and give me x, a substantially larger figure in the form of a check to Sentinel. I was aware that that took place.

. Q I'm not asking about that. I'm talking about whether you were aware of direct transfers from NEPL to Sentinel in March of 1986?

. A Okay. After all this started coming out in the press in the course of one or more conversations about this whole mess, Mr. Channell made reference to the fact that NEPL had used some money for the Sentinel lobbying campaign, that some NEPL money had been used for that and that it was ever so fortunate because it was pure coincidence that an educational organization was allowed to use up to a certain percentage of its receipts for lobbying purposes.

. So I was sort of offhandedly aware that some NEPL money had been used for lobbying purposes, but the nuts and bolts specifics of how it had taken place, I was not aware of.

. Q When was this discussion with Mr. Channell?

. A I can't say specifically but I can say it was--I believe Jane McLaughlin's story first appeared on ABC in mid-February. So I would have to say it took place between mid-February and the beginning of April. But I'm only reconstructing this from my memory. I mean after December when the first story in the Lowell, Massachusetts Sun came out there were hundreds of situations in which Mr. Channell and I and others would discuss the ongoing catastrophe and to try and put a finger on when a specific conversation took place is at best very difficult.

. Q I ask the reporter to mark as Littledale Deposition Exhibit 1 for identification a group of documents which have been selected from the documents produced by counsel for the Channel organization. The first page is a list indicating the date of each document and the control number on the document, which was put on the document by counsel for Mr. Channell's organization.

[Littledale Deposition Exhibit No. 1 was marked for identification.]

BY MR. FRYMAN:

. Q Mr. Littledale, if you would look at Exhibit 1 and

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particularly the first document in that exhibit, actually the first and second documents, which are pages 29985 and 29986. Is 29986 in your handwriting or your printing?

. A Yes.

. Q And that is the draft of the letter that appears in typewritten version at 29985; is it not?

. A Yes, I would say that's what it is.

. Q Is this--the recipient of this letter, James Landrum, is this the Mr. Landrum that you referred to earlier as a contributor?

. A Yes, it is.

. Q On the last paragraph of this letter you referred to looking forward to seeing him in the next two weeks to go over our shopping list. What does that refer to?

. A It refers to the shopping list that I mentioned to you earlier that I had spoken to him about when I called him in January. It was a list that word in the office had we were going to receive eventually which was going to list the military needs of the freedom fighters.

. Q Who had told you about this shopping list?

. A I don't know for sure if anybody had actually told me we are going to get a shopping list. I believe that I had just sort of picked it up around the office. The offices we were in on Capitol Hill were very small and you learned pretty much anything that was going on pretty quickly.

. Q Was this to be the first shopping list of that type that had been provided to NEPL or had there been an earlier shopping list?

. A To the best of my knowledge, there had never been a shopping list per se as I see it.

. Q Turning to the next group of documents which are numbered 36710 through 36714, these documents relate to a fund raiser~~'s~~ meeting and the date indicated is May 23, 1986. The text at 36710 and 36711 appears to be basically the same text as in the next three pages except it has been edited slightly and paragraphs have been inserted. Have you seen these pages before?

. A I'm familiar with this general document. Which of the two versions I have seen, I'm not really sure. I think it's probably the second. I'm not enormously familiar with it, but I have seen it before.

. Q Did you attend a fund raiser~~'s~~ meeting on May 23, 1986?

. A Probably.

. Q Would you review pages 36714?

. A I'm familiar with the contents of this document.

. Q How are you familiar with the contents of this document?

. A Number one, because I have glanced as I said before at this document in the past and number two, because I remember being at a meeting that took place in which this was essentially the topic of discussion. When you asked me if I was at a fund raiser's meeting on May 23 and I said probably, the reason I say that is because I'm not absolutely positive that the meeting that I was at in which this conversation took place, took place on May 23.

. Q But you recall being at a fund raiser's meeting where subjects were discussed similar to the subjects described in pages 36712 through 36714; is that correct?

. A Yes. I recall being at a meeting in which that was the topic of conversation.

. Q Who participated in that meeting?

. A I can't say for sure who all was there, but I would assume--

. Q Who do you recall being there?

. A Absolutely positively?

. Q Was Mr. Channell there?

. A Mr. Channell.

. Q Was Mr. Conrad there?

. A I can't say for absolutely positive but almost assuredly.

. Q Was Mr. Smith there?

. A Again almost assuredly.

. Q Who else do you recall was there?

A As absolutely positively being there? Jane McLaughlin, Fred Fried.

Q On page 36712, Mr. Littledale, toward the middle of the page there is a statement that reads so when these people give us $30,000 and our ads cost $35,000 a day around the country, they are in many districts literally giving a political contribution to support President Reagan's congressional candidates. Do you see that statement?

A I see it.

Q Do you recall anyone at the fund-raiser's meeting making a statement similar to that?

A I'm pretty sure that was Mr. Channell's statement, yes.

Q Now, this statement was made in the context of a meeting to raise funds for the Strategic Defense Initiative project; was it not?

A Yes, sir.

Q Do you recall Mr. Channell making similar statements in connection with fund raising for the Central American freedom program?

A No, sir. He didn't.

Q Why are you certain that he did not?

A Well, because the logic that makes that statement that you read a moment ago possible precludes it from being possible with the Central American issue. The reason you can make that statement here is because the SDI issue is enormously popular. Polls consistently show over 60 percent of the population supports a defense against nuclear missiles, therefore, if you are using money to, during the time that an election is taking place, to harp on the SDI issue and the Republican candidate is harping on the SDI issue and the American public is in favor of the SDI issue, then it stands to reason that the more you advertise about SDI, the more you make people think about it, the more they are going to support the candidate who says yes, I favor SDI. You don't have that advantage with Nicaragua because polls have consistently shown that very few people support the idea of aid to the rebels in Nicaragua, or anyway that's the logic we were following.

. Q Well, was it not your understanding in connection with the Central American freedom program that the advertisements sponsored by NEPL in support of contra aid would have a carry-over effect on the following Congressional races where contra aid would be an issue in the race?

. A I personally never felt that was the case, and I don't recall that ever being a topic of conversation. That is not to say that it wasn't at some point or another.

. Q Have you discussed this fund-raiser's meeting with anyone in the last week?

. A No, sir.

. Q When was the last time you talked to Mr. Channell about it?

. A About this fund-raiser's meeting?

. Q Yes.

. A Probably at the time it took place.

. Q Have you discussed this document relating to this meeting with anyone in the last week?

. A Absolutely not. I haven't spoken to Mr. Channell since the very end of May or the beginning of June of this year, and this specific document has never been a topic of conversation between me and anyone else unless it was in the days or weeks or two immediately following when it took place, and I don't specifically recall it ever taking place.

. Q I believe you said you believed you had seen this document before?

. A Oh, yes.

. Q When was the last time you think you saw it?

. A Probably in collecting my stuff to turn it over to counsel.

. Q So you had a copy of this?

. A Oh yes. This document was provided to everybody. That's why it was typed up. This was typed up from a tape.

. Q Right.

. A Essentially what you have here is Mr. Channell talking, it being taped and then the tape being turned over to a secretary to be typed and thence distributed to the fund raisers.

Q All right.

Turning to the next document which is document 36004 which is a telegram to Colonel North dated September 9, 1986, and at the bottom has the names of Mr. Channell, Mr. Smith and yourself, do you recall that--first of all, do you recall this mailgram?

A I have seen it before.

Q Were you aware that it was being sent at the time it was sent?

A No, sir.

Q When did you first learn it was being sent?

A Within a few days after it being sent we received a copy of it in the office and I either read a copy sitting on the secretary's desk or else I received a copy of it. I probably received a copy of it.

Q What was the reason that you understand this mailgram had been sent to Colonel North?

A Well, if you will recall, earlier on I described an ad run by the Anti-Terrorism American Committee that discussed the political leanings of Linda Chavez and Barbara Mikulski and I explained that while everybody thought, including Chavez and Mikulski, that the purpose of the ad was to do damage politically to Ms. Mikulski, the actual in fact purpose of it was to do damage to Michael Barnes. We all hated Michael Barnes. Certainly Colonel North was unlikely to be terribly fond of Congressman Barnes and as I understand it, Mr. Smith and Mr. Channell were watching the returns come in from the primary race and when it became quite clear that Mr. Barnes was going to lose, Mr. Channell and Mr. Smith were very pleased and sent a telegram to Colonel North saying essentially what it says there.

. We are delighted to inform you that Michael Barnes is not going to be a thorn in your side anymore, or words to that effect.

. Q Who told you about this origin of the mailgram?

. A Either Mr. Smith or Mr. Channell. I don't recall whom. I just remember that after I saw it I asked somebody about it and they said oh gee, well yes, we sent it when we saw that Barnes had definitely lost.

. Q Do you know why they sent a mailgram instead of just telephoning Colonel North?

. A I haven't the foggiest. Although I can give you an explanation as to a likely reason they would.

. Q What would that explanation be?

. A So that you have a copy of it that you can send to contributors.

. Q Are you aware of any discussions involving Colonel

North concerning the defeat of Congressman Barnes?

. A None that I'm aware of, no, sir.

. Q So you haven't heard of any such conversation?

. A Not that I can recall. I never got the impression that Congressman Barnes was A, very aware politically. When I say politically, I mean electorally, or that he really cared much.

. Q That Congressman Barnes--

. A Colonel North. I'm sorry. I misspoke.

. Q This mailgram states that we at the Anti-Terrorism American Committee feel proud to have participated in a campaign to ensure Congressman Barnes' defeat. Now, you have described, Mr. Littledale, the advertisement that the committee sponsored that featured Linda Chavez and Barbara Mikulski.

. A Yes.

. Q Other than that advertisement what participation did the committee have to ensure the Barnes defeat?

. A None that I'm aware of.

. Q That's the only activity you are aware of?

. A Yes, sir.

. Q Did you consider the earlier Sentinel ads that we have described that were very negative on Congressman Barnes to be a part of a long-range plan to ensure his defeat in this election?

. A I would say that at the--see, I'm not even sure right now whether at the time the Sentinel ads were running Barnes was even a candidate, official or unofficial for the Democratic nomination for the Senate. In the event that he was an official or unofficial candidate for the Democratic nomination for the Senate at the the time Sentinel ads took place, I wouldn't doubt that we were all thinking about ways to encourage Mr. Barnes' defeat. None of us thought that the Sentinel ads regarding Nicaragua would have any real effect or anyway I didn't--and I don't think anybody else did--that the Sentinel ads would have any real effect on his chances of receiving the Democratic nomination because Maryland is a fairly liberal state, where the popularity of aid to the freedom fighters is probably even considerably lower than it is nationwide.

. And when you are dealing with a figure that seems to hover, as aid to the freedom fighters does, somewhere in the 30s, you get much lower than that, ads regarding the subject certainly aren't going to make a lot of difference. The only people that were likely to be affected by the Sentinel ads against Mr. Barnes are people that are probably A, Republicans, and B, rather conservative. So no. I think it's very, very far-fetched to suggest that the Sentinel ads run regarding Mr. Barnes were part of an effort to defeat him.

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. Q Turning to the last two pages in this exhibit, numbers 33331 and 33330, does your handwriting appear on those pages?

. A It does.

. Q Is it all in your handwriting or just part?

. A Just part.

. Q Would you identify your handwriting?

. A All of it except the date in the upper left hand corner, my name with a box around it and at the very bottom it says Green, October, November, March, April. Everything except those things that I have identified are in my handwriting.

. Q And was in prepared in response to a request by Dan Conrad for information concerning your fund-raising activities?

. A Yes, sir.

. MR. FRYMAN: I ask the reporter to mark this document as Littledale Deposition Exhibit 2 for identification.

. [Littledale Deposition Exhibit No. 2 was marked for identification.]

. BY MR. FRYMAN:

. Q Mr. Littledale, would you look at Deposition Exhibit 2 for identification which is a document produced by counsel for the Channell organizations. It's a page of

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handwritten notes and it has the identification number 37851. Is your handwriting contained in that page?

. A Yes, sir.

. Q Is it all in your handwriting?

. A With the exception of the lower right-hand corner where it says Littledale Deposition Exhibit 2.

. Q What was the occasion when you made these notes?

. A This was April or perhaps early May, but probably April of 1986. It was just when the Anti-Terrorism American Committee was being formed and it was some notes I made on what kinds of things to say regarding when raising money. It was notes for making solicitations.

. Q Was this note you made of a conversation with someone else or are these your own ideas that you were putting down here?

. A These are notes from a conversation with somebody else.

.. Q Who is the other person?

. A I believe it's a compilation of a conversation that took place with Mr. Channell and some notes that Mr. Smith showed me from a conversation he had with Mr. Channell.

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DCMN KOEHLER

. Q Toward the bottom of the page the name Giddens appears, do you see that?

. A Yes.

. Q What are the notes that relate to the Giddens?

. A The Giddens knew Colonel North before they came in contact with him through us, and they were very, very fond of him. Mrs. Giddens was a fairly close personal friend of both Colonel North and Colonel North's wife, Betsy, and therefore, it seemed that being as how one of the primary purposes of the formation of the Antiterrorism American Committee was to see to the defeat of Michael Barnes, It made perfectly good sense to solicit the Giddens for money for the Antiterrorism American Committee, and it says ''Giddens Re'' What that means is talk to Giddens re.

. Q And then you have after that CIA, Nicaragua and embassy security?

. A Correct.

. Q What does the CIA have to do with this?

. A One of the lines that we were going to use in solicitations was that the Antiterrorism American Committee, as its name would suggest, its purpose is antiterrorism, being against Congressmen that are not supporting the

President in his desires to a) free the CIA to conduct more covert antiterrorist operations, b) his policies against Nicaragua, c) the President's recent request, or recent at that time, for more money to beef up embassy security.

. We were going to use the Antiterrorism American Committee to try to defeat candidates who opposed giving the CIA more of a free hand, opposed aid to the freedom fighters, and were not supporting the President in his request for more aid to help beef up embassy security.

. Q The reason for the focus on Congressman Barnes, however, was his role in leading the opposition to aid to the Nicaraguan resistance, was it not?

. A Certainly was.

. Q And that was discussed with Mr. Channell?

. A We discussed it many times.

. Q And with Mr. Smith?

. A And with Mr. Smith, certainly.

. Q What does the line at the bottom of the page mean, ''R.R. informed on his return.''?

. A I can't remember for certain, but it probably means that President Reagan was out of town at the time in a foreign country or wherever, and that he was going to be informed of the formation of this new political action committee when he returned from wherever he was.

. Q What was your basis for believing that he would be so informed?

. A Mr. Channell would tell me that. Mr. Channell was constantly telling contributors and telling us to tell contributors, Ronald Reagan is going to hear about this right away.

. Q Do you have any knowledge of Mr. Channell's basis for believing that President Reagan would be informed about the formation of this committee?

. A It is fluff, it is fundraising fluff.

. Q So you have no knowledge?

. A Absolutely not. I mean, there is a very easy way that you make that a true statement. You send President Reagan a letter in the mail saying, by the way, we are the Antiterrorism American Committee and we have just been formed to defeat your political enemies. There, you have informed President Reagan.

. Q In late 1986, Mr. Littledale, are you aware of any revisions that were made in the NEPL financial records to remove the word, ''toys''?

. A I was aware that took place.

. Q What do you know about that?

. A Very little. Only that it took place.

. Q So it's your understanding that by late 1986, the word ''toys'' was a part of the NEPL financial records?

. A Yes.

. Q Do you know who ordered the removal of the word?

. A I don't know. I would assume Mr. Channell ordered it, but that is merely an assumption not based on any concrete knowledge, and I am not really sure that the removal took place in late 1986. I thought it had taken place in early 1987.

. Q Do you know the reason why the changes were ordered to be made?

. A I think it had to do with the fact that Jane McLaughlin had gone public. That is why I believe that it took place in 1987 rather than 1986.

. MR. FRYMAN: Mr. Littledale, I have no further questions.

. BY MR. McGOUGH:

. Q Mr. Littledale, you indicated to Mr. Fryman that you are currently engaged in solicitation of funds for the contras, is that correct?

. A Absolutely not. I will never again solicit money for the purpose of giving it to the contras. Thank you very much.

. Q I misunderstood that. What is your current line of employment?

. A I am soliciting funds for a foundation whose purpose is to run educational ads on various and sundry foreign policy issues, one of which is the Nicaragua subject.

. Q I misunderstood and I am glad we clarified that. What is the foundation that is doing this?

. A United States Freedom Foundation.

. Q And who is the principal in that foundation?

. A The president of the foundation is Cliff Smith.

. Q Are there any other former members of Mr. Channell's organization involved in that foundation?

. A Mr. Raphael Flores is also a former staff member.

. Q Are you an officer in that foundation?

. A I am.

. Q What is your position?

. A Vice-president.

. Q And I believe your fundraising efforts are directed toward educational programs, public education programs?

. A Yes.

. Q On foreign policy issues, is that fair to say?

. A That's correct.

. Q And you are not currently engaged in any solicitation for direct support, if I could call it that, of the contras?

. A Not in any way, shape or form. I have only been rid of Mr. Walsh for a few months, and I have this horrible suspicion I am not totally rid of him, and I don't want to see him or anybody like him again.

. Q Is the foundation with which you are currently affiliated a 501 C 3 organization?

. A It has applied for that status.

. Q Are you aware of any gifts, money, or any other thing of value that Oliver North or any member of his immediate family may have received from Mr. Channell or anyone associated with his organizations or the organizations themselves?

. A I am not aware of any such gifts he may have received from anybody who was in the employ of Mr. Channell. I have the impression that a woman who gave numerous contributions to the National Endowment and other Channell entities did give Colonel North a couple of gifts at one point or another.

. Specifically, I believe she gave a pony to one of Colonel North's daughters, and I believe that she gave Colonel North two T-shirts.

. Q And which contributor is that?

. A Barbara ~~Christian~~.

. Q Other than the pony and the T-shirts, are you aware of any other gifts or items of value?

. A No.

. Q That Colonel North might have received.

. A None whatsoever.

. Q Earlier in your deposition, you indicated that you were aware of allegations that Ms. McLaughlin had made to various elements [redacted] of the media in early 1987, and you implied, although I don't know whether you expressly stated it, but you implied that some of those allegations you believed to be false. Really that is my question. Was there anything that Ms. McLaughlin alleged, or was reported to have alleged, that you believe was in fact false?

. A No, I didn't mean to give that impression.

. Q Maybe I am reading too much into your testimony, but I read into something you said earlier implicit disapproval of what she had done?

. A Oh, absolutely.

. Q And from what did that disapproval stem?

. A She is a traitor.

. Q But you have no quarrel with any of the allegations that have been attributed to her in the media, as far as the truth of those allegations go?

. A I haven't read most of them.

. Q But the ones you have read, let's limit it to that.

. A The one that I am enormously familiar with is the allegation regarding raising money for weapons, and no, that is absolutely true.

. Q At the time you were raising money for weapons, were you concerned about the legality of those activities?

. A I wasn't concerned about it. I was pretty damn sure it was illegal.

. Q And on what did you base that conclusion?

. A As it turns out, the legality of it had nothing to do with where I thought the legal problems were. I thought the legal problems were probably with the Neutrality Act and the Boland Amendment, which shows you how much I knew about the various and sundry Boland amendments, but no, I felt sure we had to be violating one or both of the neutrality acts and Boland amendments.

. Q Did you discuss your impressions as to the legality of your efforts with Mr. Channell or Mr. Conrad.

. A No.

. Q Did you discuss it with anyone else in Mr. Channell's organizations?

. A No.

. Q Let me ask you what is obviously the follow-up questions. Why did you continue to do it if you thought it was illegal?

. A Because it was the right thing to do.

. Q In what sense?

. A Well, there is an old saying if that is what the law says, then the law, sir, is a--expletive deleted. And I am in firm belief that in this case that is true, and I was brought up believing that if something is absolutely positively wrong, then you right it as best you can. You don't worry too doggone much about the legal ramifications.

Q When you first joined Mr. Channell's organization, you weren't aware of that aspect of the fundraising, were you?

A That money was being raised for--?

Q For lethal assistance.

A No, I wasn't.

Q Did you discuss the propriety of tax deductions for contributions for lethal assistance with anyone in Mr. Channell's organization?

A No. I never did, because I assumed that it was perfectly all right. As I said earlier, the only laws I thought we were having problems with were the Neutrality Act and the Boland amendments; and to show you what I know of tax law, it was my assumption that, if you made a contribution to an organization that was a tax-deductible organization, then the contribution was tax deductible, and the people that potentially had problems were the foundation itself. I would have thought an awful lot harder and longer about what I was doing, had I known that, potentially, I was creating legal problems for the contributors themselves.

Q Let me follow up on the other side of that coin. How did you understand the mechanism to work as far as converting the contributions into the items that the contributions were given for?

. A I had no knowledge of how that was taking place. I had supposition only, and it was totally uneducated supposition.

. Q What was your supposition?

. A That in one way or another the money was being turned over to Colonel North for his disposal for the purchase of weapons.

. Q On what did you base that supposition?

. A Made it up out of my own head. I mean, Colonel North obviously knew what we were doing. He was certainly taking steps to make it easier for us, and therefore, it was my assumption that the money was being made available to him to be spent to help the freedom fighters.

. Q To your knowledge was anyone else in the United States Government, other than Colonel North, aware of your efforts, and I am speaking of you collectively, as the general organization's efforts to raise lethal assistance for the contras?

. A No, I don't know of anybody else that was aware of our efforts.

. Q Did Mr. Channel, Mr. Conrad, or Colonel North ever speak of someone else in the United States Government being aware of those efforts?

. A No, he did not.

. Q Did a contributor ever ask you how he, the contributor, could be sure that his money in fact would go to purchase surface to air missiles or a Maule airplane?

A No.

Q Did you ever explain to a contributor how that might come about?

A The specific mechanics?

Q Did you ever make any assurance to a contributor as to how it might be done?

A No. I may, at some point or another, have said something like, well, you can see from Colonel North's helping us that it is going where it should be, something like that, but specific assurances about well, we take the money from here, we put it here, it goes over there, it goes over there, and then it goes over there, I wouldn't have known what to say.

Q Were you aware of any deductions being made from contributions for the contras prior to that money being passed on for the purchase of whatever the object was?

A Certainly, I was aware that we took our overhead out of contributions made, yes.

Q Were you aware of what percentage of that overhead usually was?

A I was assured throughout my stay there that it ran between 18 and 22 percent.

Q Assured by whom?

. A Mr. Conrad, Mr. Channell, Mr. McMahon.

. Q You didn't make your pitch for lethal assistance to all your contributors, did you?

. A No.

. Q How did you select the contributors to whom you made that pitch?

. A From my readings of their personalities, from conversations with them.

. Q What did you look for?

. A Somebody that was exceptionally vehement in their anti-communism.

. Q Did you ever refer to them as bloody types?

. A Oh, yes.

. Q You said that with some enthusiasm. What did you mean by that term?

. A I meant it was somebody that would be interested in providing money for the purchase of lethal assistance.

. Q Did you ever refer to them as political crazies?

. A I might have. I don't recall specifically doing so, but it is certainly the kind of thing I might say, but political crazies I wouldn't be referring, if I used that term, it wouldn't be referring to somebody that was a likely candidate for a solicitation for military equipment. That would be a phrase I would use to describe somebody that was very, very interested in elective application, and therefore, would be a likely candidate for a solicitation for a political action committee, at least taken out of context.

. Q In the course of your questioning b Mr. Fryman, did you discuss each of the contributors whom you recall soliciting for lethal aid?

. A Yes, anybody that I recall asking for money for guns, I brought up with him. if I don't, I think I am probably breaking law, or certainly making my immunity agreement with you all null and void.

. Q I just wanted to make sure we closed this out.

. A Yes. I mean it is entirely possible that I asked somebody somewhere for some very small amount of money for lethal aid that I haven't mentioned, but I certainly don't recall it.

. Q When you solicited money for a surface-to-air missile, for example, did you specify that money to be used for a surface-to-air missile?

. A Yes.

. Q Did you ever become aware of a situation where, in fact, that money was not used for its intended purpose?

. A No, although there have been plenty of allegations to that effect in the last several months, and I have been aware generally of those allegations.

. MR. McGOUGH: I think that is all I have.

RPTS MCGINN

DCMN SPRADLING

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[6:00 p.m.]

BY MR. OLIVER:

Q Mr. Littledale, you indicated earlier that Mr. North never asked for money from anyone to your knowledge; is that correct?

A Not in my presence, no.

Q Did you ever discuss with him--

A With?

Q Colonel North, subsequent to the contributions having been made that the people that he had met with had contributed money for the cause?

A No. As a matter of fact, the only two conversations I ever had with Colonel North in which we had an exchange of words as opposed to me simply listening to him giving his little schpiel that he use to give was at the table that I described with the guidance in which I said was the worst problem the freedom fighters have, and he said helicopters, and I said what do we do about it, and he described surface-to-air missiles, that was one conversation.

The only other conversation I had was he came to a little party we had over at the--what's the new hotel, the

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Willard, the little party we had over at the Willard on election evening in '86 and he arrived very, very late. I went trotting on over to him because I admired him quite a bit and I said--for some reason or another I heard he had been over in [redacted] or something like that. I said gee whiz, how was your trip to wherever it was and he said oh, well we are not supposed to talk about that and I said oh, sorry about that, Colonel. Have a nice evening and that was the sum total of my conversations with him.

I didn't really feel in a position to talk to him very often. He very clearly was far and away my superior.

Q Did you provide the names of your contributors to someone in order for them to receive a thank you letter from Colonel North?

A Uh-huh. On occasions when Colonel North was going to send a number of thank you letters Spitz would say there's a list on Angela's desk of people that are getting thank you letters. Look at it and add anybody you feel should be added.

Q So you added to that list the people who had contributed?

A Right. For anything, not just for military purposes.

Q Did you supply names for letters that were to be sent by President Reagan to any of these individuals?

. A Not to my recollection. I wasn't even, that I recall, aware that President Reagan had sent any letters to any individual people.

. Q Did you discuss these thank-you letters with any of your contributors after they had received them?

. A I think one or two of them may have very briefly mentioned it in passing, but that's about it.

. Q Were these people who had contributed money for lethal aid?

. A I don't recall. The conversations that took place regarding those letters was so limited that I don't even recall the specific instances when they happened. I just have a general recollection of the subject having come up with some contributor or other.

. Q You mentioned earlier that Mr. Kuykendall had called you after the Jane McLaughlin story broke in the newspapers and asked you to come to his office?

. A Uh-huh.

. Q And you indicated that he suggested that you might wish to talk to Rita Beamish about Ms. McLaughlin? [redacted]

. A Right.

. Q And you declined that invitation after consultation with your attorney?

. A That's correct.

Q Did he indicate to you that he had discussed this idea with anybody else?

A Well, I think I remember him saying that he had already mentioned it to Rita Beamish and that she was very anxious for such an interview.

Q [redacted]

A I really don't know.

Q Did he indicate to you that he had discussed it with Mr. Channell?

A I don't recall him doing so, no.

Q Why do you think he called you?

A He may have heard from Mr. Channell my initial reaction to Jane McL~~a~~ughlin's quitting, her actions immediately following her resignation, and may also have heard my reactions to her going public with her story. To say that my reactions were exceptionally negative would perhaps be a bit of an understatement and I think he may have lit on me as being a good person simply because of how strongly I felt on the subject. Also the fact she was not terribly close with Cliff in the office, and so I was sort of a good candidate.

Q Was he disappointed when you declined to do this?

A Yes.

Q What did he say?

. A He said gee whiz, that's a shame. We could have really done something with this but if that's what your attorney tells you to do, we just don't have any choice about it. And I said yeah, I'm really sorry. I was looking forward to it.

. Q Did you suggest there might be anybody else who might be able to fill that role?

. A I may have suggested that he talk to Mr. Flores on the subject, I may have. I don't recall doing it but trying to put myself back in the situation, I might well have suggested that.

. Q Did he talk to Mr. Flores about the subject?

. A I don't know. Despite the fact that I'm in business with Mr. Flores and Mr. Smith, we don't discuss this whole thing very often simply because our various and sundry respective attorneys have told us not to. Any time we discuss it, some fancy prosecutor somewhere might try and construe it as obstruction of justice, and having faced the possibility of a trial and a lengthy prison term, we are all kind of anxious to avoid that.

. Q What do you know about the services that were performed for Mr. Channell's organization by IBC?

. A Now, do you want me to include what I have read about in the newspapers?

. Q No. I would like to know what you know from your own personal knowledge and experience while you were working in Mr. Channell's organizations.

. A Okay. All kinds of logistical support for the Central American freedom program. They ran the ~~S~~peaker's tour program for us. They helped us out with fund raising. They helped with political aspects, where to put ads, where to target our campaign.

. Q You mean which congressional districts to run the ads?

. A Yes, or as we use to call them, media markets to run the ads in. I sort of learned that they were involved with getting the money that was for lethal assistance to the contras in one way or another in that in April or May, in the spring or early summer of 1986 Mrs. Garwood made an exceptionally large contribution, somewhere in the region, once you added it all up, of about $2 million. And Dan Conrad, shortly after that contribution, showed me a check made out to IBC in the amount of $1,250,000, and I put two and two together and said well, Mrs. Garwood gives $2 million. It's for weapons. A million and a quarter goes to IBC. Makes sense that IBC's got something to do with getting money that's for weapons to the contras. But that's not absolute positive hard knowledge. That was, as I described it, a process of putting things together.

. Q Did you ask Dan Conrad why they had given the money to IBC?

A No. I don't know how you would operate. I suppose being a lawyer you would think differently than I did, but when you are working in the kind of environment we were working in, in which you pretty much assume you are in one way or another breaking one law or another, I don't ask questions.

RPTS MCGINN

DCMN PARKER

Q Did there come a time when you traveled to Paris with Spitz Channel and Cliff Smith?

A I traveled to Paris with Cliff Smith and Raphael Flores and met up in Paris with Mr. Channel, who arrived, I think, a couple of days later.

Q What was the purpose of that trip?

A To attend a conference on terrorism.

Q Were there any meetings while you were in Europe that were related to fund-raising?

A The subject of fund-raising almost assuredly came up, and I do know that shortly before we left--we left and flew back, I think, the day before or the day that the House voted for the second time on more aid to the freedom fighters, and I do know that we talked about raising some money from Paris on the subject.

Specifically, I believe that Mr. Smith made a phone call from Paris to a contributor in Delaware, I think, to try and raise some money from her and I attempted to make a call from the airplane returning to the United States, but the line was so scratchy you couldn't make a solicitation on it.

Q Was there any suggestion of raising any money from any European entities or individuals?

. A I don't recall any discussions during the Paris trip about raising money from Europeans.

. Q When do you recall any discussions about raising money from Europeans?

. A In November of 1986 we flew over there and were over there for about a week before returning on the day that Colonel North was relieved of his post and--

. Q When you say we, who do you men?

. A Myself, Mr. Channel, Mr. Conrad, Mr. Flannery, Ms. McL[redacted]aughlin and I don't remember if Cliff was there or not.

. Q What was the purpose of that trip?

. A Many purposes. Number one, we were working on, through another one of Mr. Channel's entities, Western Goals Foundation. We were working on--I didn't really understand the mechanics of it--buying a portion of some radio stations in Germany and we were going over there to iron out the details and sort of organize it and learn more about the project, so that we could come back and raise more money for it.

. Q Were there any aspects of that trip that were related to fund-raising for the Nicaraguan resistance?

. A No, not that I recall.

. Q Did you ever meet Mr. Roy Godson?

. A Roy Godson?

. Q Yes.

. A Sure don't recall meeting anybody by that name.

Who is he?

. Q If you don't know him, it is not relevant.

. A Don't ask questions, right?

. MR. OLIVER: I would like to enter into the record at this point and ask the reporter to mark Littledale Exhibit Number 3 a packet of documents which contains the House identification numbers on the front page, the identification numbers which have been placed there by Mr. Channel's ~~council~~ counsel.

. [The document referred to was marked as Littledale Exhibit Number 3 for identification.]

. BY MR. OLIVER:

. Q I would like to ask you to examine the second page of that, the page after the numbers, identification number 37766, and tell me whether or not that is your handwriting?

. A It most certainly is.

. Q What is that document, Mr. Littledale?

. A It is a file card we keep on contacts made with contributors and potential contributors.

. Q When you say we, all of the fund-raisers kept cards like this?

. A All of the fund-raisers were supposed to keep cards like that.

. Q This document seems to indicate that the first contact with the subject of this card, Mr. Melvin Salwasser, was on August 5th, 1985; is that correct?

. A September 5th, 1985.

. Q September 5th, 1985, that is correct. How did you get Mr. Salwasser's name?

. A It was given to me by Mr. Channel.

. Q And when you called Mr. Salwasser, does this card reflect the first conversation or a series of conversations?

. A Well, the entire card reflects a series of conversations. What it really reflects is my impressions of conversations, but as you can see on line one, September 5, some impressions, then you can note that on it looks like the eighth or ninth line says that on September 17, which means I called him on September 17 and that had him using lines to the effect of ''your money already being used. Wish to discuss this at meeting.''

. This was an attempt to get him to come to a meeting September 30--I can't make it--spoke to him again. He can't make it on October 17. ''Call me in a week about meeting out there.'' In other words, call me later about the possibility of coming to see me. He brought up the subject of Afghanistan, indicating concern about that.

. November 1 I contacted him again. He alluded that as how he has got--I obviously solicited him and he explained that he was having some financial problems at the moment. He knew that at a meeting we had had three representatives from the contras had been there, suggested we should kill some liberal congressman.

He had been at a dinner with Bunker Hunt. He mentioned something about something called CIS. I don't know what that is, and Friends of the Americas. July 22, he gave $10,000 for food. A notation that his son's name was Brent, another notation that sometime in 1984 he gave $200 to Western Goals. There.

Q What did he tell you about the dinner he had had with Bunker Hunt?

A He didn't tell me anything about it, just that he had been there.

Q On the first line of the card that is in your writing after the address, it says, ''RABID anti-communist. We should invade Nicaragua. The media is not misguided. They are communists and the same with Congress.''

Is that your first conversation with him?

A Uh-huh.

Q Did that make you think he was a good prospect?

A Oh, yes.

Q Then did you arrange to go out and meet with him in California at a later time?

A At a later time.

Q Who went with you?

A Well, as I mentioned earlier, I went out to see him in January, but that meeting never took place because he was in Pennsylvania, and I wound up flying from California back to Pennsylvania and seeing him in Pennsylvania.

Q Is this one of the individuals who later met with President Reagan?

A No. He never met with President Reagan.

Q He met with Colonel North?

A He met with Colonel North in September or October of 1986.

Q And how much money did he eventually contribute? Do you know?

A I can't give you a down to the last dollar and cent, but I would say all totaled it was probably about five, six and 30--76, 82--I would say somewhere between $80,000 and $95,000 to all the various and sundry Channel entities between September 5, 1985 and February or so of 1987.

Q When you said that he said he wanted to kill some liberal congressmen, was he being facetious?

A Well, he said something along the lines of, ''Damn, we should kill some of these damn liberal congressmen.'' He was not suggesting that we arrange a hit team, no.

Q In other words, he was being facetious.

A Yes.

Q I would like you to turn the page to document 81797. Is that your handwriting?

. A It is.

. Q Does that card reflect your discussions with Mrs. Emily Woodruff?

. A Yes, it does.

. Q On the third and last line on 10/28, it says--would you read that beginning with the third to the last line there?

. A Certainly. ''October 28. Ill-Speaking with regarding Nicaragua. Nurse jumped on phone. You have listened long enough, Emily. This is ridiculous. You hang up right now. Emily Woodruff, E.W. Apologized, said she was ill and would have to hang up or nurse would get angry.''

. Q Did you ever call her back?

. A I tried to call her a couple of times after that. I never again did speak to her again after that.

. Q Do you know what her illness was?

. A No, I don't.

. Q Would you turn to the next page to document 81799? Is that your handwriting?

. A It is.

. Q On the third line in this document, which I assume refers to Mr. Kenneth Giddens or on the second line of the text, it says he is part of Caribbean International Foundation. Do you know what that is?

. A No, I don't.

. Q Do you know how much money Mr. Giddens eventually gave at your request?

. A Mrs. Giddens actually gave the money and the total was $42,500. Two contributions, one of $~~1~~40,000; one of $2,500.

. Q What were they for?

. A Ten thousand dollars was for the educational campaign. Thirty-thousand dollars was intended as half the purchase of a Maule aircraft.

. Q Would you turn to the next page, document 81800? Is that your handwriting?

. A It is, sir.

. Q On the sixth from the bottom line it says, and correct me if I read this wrong, ''wants to speak or Goodman,'' is that correct?

. A That is correct, sir.

. Q What did he want to speak to Spitz or Goodman about?

. A This is, again, Mrs. Giddens, not Mr. Giddens. I don't know. She just said, ''Gee whiz! I have got something I want to talk with either Spitz or the Goodman brothers about.''

. Q How did she know about the Goodman brothers?

. A She had met them at the dinner following the meeting with the President in January of 1986.

Q Do you know whether or not what she wanted to talk to them about related to the television ads which were being run?

A It almost assuredly did.

Q But you don't know what the substance of what she wanted to say then was?

A The specifics of it, no. It related to the campaign, the public education campaign we were running. I can say that fairly comfortably.

Q Did you arrange for her to talk to Spitz or the Goodman brothers or the Goodmans?

A Not that I recall doing, no.

Q Would you turn to the next document, document 81776. Is that your handwriting?

A It is, sir.

Q Is that a card for Mr. Henry Salvatore?

A It is, sir.

Q On the last line it says, ''September 23 5K.'' I assume that is $5,000.

A Correct, sir.

Q For South Africa.

A Yes, sir.

Q What was that project?

A We ran a couple of ads after the President vetoed the South African sanctions measure and before the veto was overridden, Sentinel ran a couple of ads saying support the President. Don't override the veto.

. Q On the third line of the text it says, ''6/16,'' which I assume is June 16, ''10K for Barnes ads.''

. A Uh-huh.

. Q Could you tell me what that refers to?

. A That refers to the Sentinel lobbying ads. There was a whole body of ads, one on Michael Barnes that was exceptionally tough and a number that were similar, but softer in tone and those ads collectively were referred by him in the office, too, as the Barnes ads.

. Q Weren't the votes for assistance to the Nicaraguan freedom fighters held in the spring and summer of 1986?

. A The first vote took place in March of 1986. The second vote took place on June 26 or 25 of 1986. This solicitation took place approximately ten days before the final and successful vote in the House.

. Q Was this during Mr. Barnes' campaign for the Senate?

. A As I said earlier, I don't know whether Mr. Barnes was an active candidate at that time yet, a declared candidate. At that time he probably was almost assuredly, if not a declared candidate, then everybody knew he was going to run. Im think given that it was only three months before the vote, he was probably a declared candidate by then.

. But the ads don't refer to political advertisements done by a political action committee. That line, June 16, specifically refers to a $10,000 contribution he made to Sentinel for the lobbying ads.

. Q Were those ads run in the Washington media market?

. A The ones relating to Michael Barnes were. The ones relating to other congressmen were run in their home districts.

. Q If the Barnes ads were run in the Washington media market while Mr. Barnes was a candidate for U.S. Senate in this jurisdiction, wouldn't they be covered by the independent expenditures laws?

. A Not if they don't mention election, they won't. My understanding is if they don't mention election, they have got absolutely nothing whatsoever to do with campaigns. These ads didn't tell anybody to vote for or against a congressional candidate. They told congressmen to support President Reagan and vote for aid to the freedom fighters.

. I don't see what that has to do with an election.

. Q Would you turn to the next page to document 81774? Is that your handwriting?

. A It is, sir.

. Q It indicates on the next to the last line ''6/16 $500 for Barnes ads.'' Was that for the same purpose you described for previous contributors?

. A It certainly was.

. Q Would you turn to the next page to document 81851? Is that your handwriting?

. A It is.

. Q In the middle of the page it says these are the same congressmen that in most cases voted against aid for the freedom fighters, and then it lists Mike Barnes, Senator Cranston, Dellums, Chris Dodd, Solarez--I assume that is Solarz; is that correct?

. A Yes.

. Q Mel Levine, Gus Savage, Mike Fowler and Garcia. What was the purpose of this listing, and what does this note refer to?

. A This specifically is notes made pursuant to the formation of the Anti-Terrorism American Committee, and this discusses some of the candidates that--or congressmen that the Anti-Terrorism Committee intends to target for defeat.

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RPTS CANTOR

DCMN MILTON

[6:30]

. Q The Antiterrorism American Committee was designed to defeat congressmen who voted against aid for the freedom fighter in Nicaragua?

. A It was designed to defeat congressmen who did not support the President's antiterrorism policies. As I mentioned earlier in the document that one of you all showed me, it specifically was formed to defeat candidates that did not favor President Reagan's policy of giving the CIA more authority to conduct covert antiterrorism policies. It wanted to target candidates that by not supporting the President on Nicaragua were supporting terrorism and hurting his antiterrorism policies and it wanted to target candidates that were not voting for more money for embassy security. It was to target candidates that were not supporting all aspects of President Reagan's antiterrorism policies.

. Q There are stars besides the names of Mike Barnes, Senator Cranston, Gus Savage and Wy~~s~~chE Fowler. Do you know why you put stars there?

. A I can't remember now.

. Q Would you turn to the next page, document 76040.

Is that your handwriting?

A It most certainly is not.

Q And the next page, document 76041, that is also not your handwriting?

A That is not my handwriting either.

Q Do you know whose handwriting it is?

A I won't swear to it, but I believe it's the handwriting of a chap that quit. What was his name? Mike Icabellis. I believe that is his handwriting. I'm not sure.

Q Why did he quit?

A He got another job. I think the pressure of all this craziness in the winter and spring of 1987 was getting a little bit heavy for him, so he decided to go elsewhere.

Q Do you know anything about an appointment with Lyn Nofziger for any of the officials of Mr. Channell's organizations?

A I know that at some point Spitz met with Lyn Nofziger about something, but I really don't know what. Didn't we pay him some money for something? Was it Nofziger?

Q Do you remember?

A I know there was some fellow who used to be an administration official who we retained for I think this winter for a while, but I don't remember for sure who it was. Somebody we were paying $20,000 a month to their firm, but I don't remember.

. Q Do you remember what it was for?

. A Public relations regarding this whole mess.

. Q Would you turn to the next document, document 37843. Is that your handwriting?

. A Yes, it is.

. Q On the top entry it says, ''20K check,'' and then beside that Mel Salwasser, and I assume that is his phone number, and then it says, ''Win struggle within administration.'' What does that refer to?

. A The American Conservative Foundation was going to sponsor a conference on the support of the insurgent warfare, and the logic behind this conference on insurgent warfare or one of the logics behind it was that there are a certain amount of people within the administration that support the idea of the so-called Reagan doctrine arming anticommunist guerrillas around the world, and there are certain that are not terribly in favor of it, and one of the theories behind this conference was that it was to help our side of that, if you will.

. Q And Mr. Salwasser was contributing for that purpose?

. A He was going to give money for that, yes. In the end, he never did.

. Q On the last line it says, ''Ollie idea.'' Was this conference Oliver North's idea, on the last two words of the third line?

. A So Spitz told me.

. Q Spitz also told you that Ollie was terribly worried?

. A Yes.

. Q What are the last two words on the second line, the word before ''report''?

. A ''Bring.''

. Q What report were you referring to?

. A The report that the conference would produce.

. Q And that that report was supposed to be brought to president Reagan?

. A Correct.

. Q Did the conference ever take place?

. A No, it did not.

. Q The next entry is under Barbara Newington. Would you read that entry after Barbara Newington, please?

. A Certainly. ''Phone Number [redacted]'' and, ''All now, Green set this up before he disappeared. Green to be there. Getting money for grant for him. Private. Her have dinner with. Very little left. Some used by Mr. Green before Thanksgiving.''

. Q Could you tell me what that refers to?

. A When the American Conservative Foundation first became active and started soliciting funds, we solicited some money from--or Spitz solicited some money from Mrs. Newington that went into the ACF account, and that was to be used for, shall we say, off-the-record travel to Central America by Colonel North, or at least that is what I was told it was to be used for. That explains the ''very little left. Some used by Mr. Green before Thanksgiving.'' ''Her have dinner with him,'' her have dinner with, that is fairly straightforward. We want her to come and have dinner with him.

. Q Did Mr. Channell tell you that this money that had come from Mrs. Newington had been used for off-the-record travel by Colonel North to Central America?

. A No, he didn't tell me that. He told me to say that.

. Q He told you to say that to Mrs. Newington?

. A That's correct. Well, no, excuse me. He told me to say that some of the money--that there was very little of the money she had given left and that some of it had been used by Mr. Green, i.e., Colonel North, before Thanksgiving, and insomuch as the stated purpose of the money had been off-the-record travel, he was in essence telling me to say that is what it had been used for.

. Q But you knew it hadn't been used for that?

. A I had no idea how it had been used. I never figured out where it went, unless I saw it in the form of a television ad or something like that.

. Q The next entry is ''Ellen Garwood.'' The first line says, ''New tax-deductible statement.''

. A Right.

. Q What does that refer to?

. A It refers to the fact that ACF was a full-formed organization that had just recently received its initial ruling from the IRS.

. Q And then it says, ''This was Green's big deal.'' What does that mean?

. A It means that this was something that Colonel North wanted very much.

. Q Then the next line says, ''This to be his legacy--permanent support for covert war. Green wants her to come have dinner with him.'' What does that refer to?

. A It means that the idea of permanent support for covert warfare, support to the guerrillas, the Reagan doctrine, so called, is to be Ollie North's permanent legacy getting it firmly entrenched and established, and that Colonel North wants her to come and have dinner with him.

. Q Was this what this money was supposed to be used for?

. A It was to be used for the conference which was going to help firmly entrench the idea of the so-called Reagan doctrine.

Q Permanent support for covert war?

A Yes.

Q But the money itself was not to be used?

A No, not for buying guns. It is to be making that policy a permanent policy that does not end with the Reagan administration.

Q On the last entry on that page it's under the heading of ''Barbara Chrastian.''

A Christian.

Q Could you read the first two lines?

A Certainly.

Q And explain what they mean?

A ''Get her tape on world polo. When is Tambo coming. Strategic irregular warfare. Jack Wheeler.''

She had taped a news broadcast on a VHS tape that also happened to have a tape she had made of a world polo game she had taped on television. She sent the tape to Spitz and she now wanted it back because she wanted the tape of the polo match. She was always sending Spitz or other people in the organization tapes, VHS tapes, tape recordings, whatnot. Tambo was coming to Washington regarding something, and she was very anxious to make sure that there was a demonstration against him when he got here.

and she wanted me to find out when he was going to be here, and she suggested I read something called ''Strategic Irregular Warfare,'' by Jack Wheeler.

. Q And who is Tambo?

. A He is one of the communist leaders of the African National Congress.

. Q Why did she want to know when Tambo was coming?

. A I guess she wanted a demonstration against him to take place. He was going to be meeting with Schultz, and she wanted a big demonstration outside the State Department.

. Q Were you to have something to do with arranging that?

. A No. I was to find out the specific date he was going to be here.

. Q And do you know what she was going to do about arranging a demonstration?

. A There was some group of black Republicans down in Louisville that was going to try and bus a bunch of black people up here to demonstrate against him; far more effective having a bunch of black people demonstrating against an African communist than a bunch of white people.

. Q Did she find such a group to do that?

. A I don't know. I heard such a demonstration took place, but I don't know that she had anything to do with it.

. Q Would you turn to the next page, document No.

37844. Is that your handwriting?

A It is.

Q It says on the first line, ''Mel $15,000.'' Is that Mel Salwasser?

A It is.

Q Then it says--would you read the next paragraph for me, please?

A I would be delighted to. ''We are going to have the meeting, either give the money to Ollie or pay him to speak. Need you to be one of five sponsors. Need you to come see Ollie and go to dinner with him.''

Q What does that refer to?

A What it refers to is the conference that ACF was going to sponsor. We were going to figure out some way to give a grant to Colonel North for his speaking there, to help him out with his legal fees and whatnot. This, of course, was after Colonel North had been relieved of his post.

Q Did you do that?

A Did we do what?

Q Did you arrange to give a grant to Colonel North?

A No. The conference never took place, as I said before.

Q Do you know of any grants or speaking fees that were ever given to Colonel North?

. A Absolutely not.

. Q Does the last part of that document refer also to the conference which never took place?

. A It does.

. Q So the line that says, ''R.R. meets with us Thursday''--

. A ''Given him with document on covert war.'' Bad grammar on my part.

. Q That never took place?

. A That's correct, sir.

. Q Would you turn to the next page, document No. 37846. The handwriting in the margin is mine, and that is my question. Why were you interested in a foundation of this nature?

. A I'm going to have to take a moment to read it, if you don't mind.

. Q Could you read it out loud? I can't make it out.

. A The entire page?

. Q If you would start, ''If complaints,'' or whatever that is.

. A ''If complaints, this was Green's big deal. He is getting part of this. He wants to go out to dinner with you. Go to White House with product. Seven sponsors. So important future of country. Green suggests we suggested we start this. Can use this foundation in future to help Green in variety of ways. Barbara Newington, $30,000. O'Neill, $30,000. He is only person to get reporter there.''

. Q What caused you to make these notes?

. A These were notations--notations I made while listening to Spitz giving me the logic for the solicitation.

. Q And did you make the solicitation?

. A Yes, I believe I did. I know that I made it with Barbara Newington and I'm pretty sure I made it of Ellen Garwood.

. Q Did they contribute money for this foundation?

. A Barbara Newington did. Ellen Garwood did not.

. Q What happened to the money?

. A It was deposited in the American Conservative Foundation bank account, and what happened to it from there, I couldn't tell you. It probably went to pay legal fees.

. Q Was the purpose of the foundation to your knowledge to help Green in a variety of ways?

. A To help his policies, sure, to help his whole idea of support for insurgent warfare against communist countries.

. Q Do you know whether he ever used any of the money or any of the money was ever used for him?

. A I haven't the foggiest.

. Q Would you turn to the next page, document No. 37847. Is the handwriting on that page yours, with the exception of the handwriting in the lower right-hand corner?

. A It is.

. Q In large letters there it says, ''Who is Jane's lawyer?''

. A Right.

. Q What was that in reference to?

. A An instruction from Spitz Channell for me to find out who Jane's lawyer was.

. Q Why did he ask you to do that?

. A I couldn't tell you.

. Q Did you find out?

. A No.

. Q On numeral III there on that page it says, ''Green phone for''--

. A ''Mel,'' Williams and Sullivan.

. Q What does that refer to?

. A It means get the phone number from Williams and Sullivan for Mel Salwasser so he can call Oliver North.

. Q Did he do that?

. A He did.

. Q Did he call Oliver North?

. A To my knowledge, he did not.

. Q Would you turn to the next document, document No. 37848. Is the handwriting on that page your handwriting with the exception of the handwriting in the lower right-hand corner?

. A It is.

. Q Does any of the writing on that page refer in any way to Nicaragua or assistance to the Nicaraguan resistance?

. A It does not.

. Q Would you turn to the next page, document No. 37853. Is that your handwriting?

. A It is.

. Q The top of the page says, ''Ask Rich.'' What does that refer to?

. A Ask Rich Miller.

. Q And would you read the next two lines and tell me what it refers to?

. A ''44,000 Libyans and Iranians in U.S. Who was it threatened Ronald Reagan, Heritage Foundation, Oliver North and Singlaub.''

. This was a piece of paper I put together preparatory to raising funds for the Antiterrorism American Committee. It was notes I made to myself for a fund-raising letter that we were going to send out to try and raise some money for the Antiterrorism American Committee. And number one, I was to ask Rich Miller some questions relating to how many Libyans and Iranians there are living in the United States, and who it was that had in an interview with ABC News threatened the life of Ronald Reagan, threatened to

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blow up the Heritage Foundation, threatened the life of Oliver North and threatened the life of General Singlaub.

. Q Would you turn to the next page, document No. 37791. Is that your handwriting?

. A It is, sir.

. Q What does the second line with ''TAX DEDUCTIBILITY'' underlined in all caps refer to?

. A What it refers to is the fact that when I called him and first started soliciting him, he was essentially not paying much attention to me, and then I got down to the actual solicitation part and said we need you to give X amount of money, and all of a sudden he started talking to me, and in the solicitation, I had specifically said that your help is tax deductible, and as soon as he heard that, you will see it says, ''tax deductible made his ears perk right up.'' He wasn't interested until he heard that the donation was tax deductible.

. Q And did he ultimately make a tax-deductible contribution?

. A He made two.

. Q And to which entity did those--

. A The National Endowment for the Preservation of Liberty.

. Q When it says in there, the references in those notes to public diplomacy, what does that refer to?

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. A Before the Central American freedom program became known as the Central American freedom program, it was referred to as the public diplomacy program.

. Q Of the National Endowment for the Preservation of Liberty?

. A That's correct. It was the educational campaign.

. Q Would you turn to the next page, No. 37800. Next to the person's name, the top of the page, it has on there ''ATAC.'' Is that the Antiterrorism American Committee?

. A Yes, ATAC is the Antiterrorism American Committee.

. Q Then on the first line dated 9-25, it says, ''How can this be tax deductible?'' What does that refer to?

. A It refers to the fact when I solicited him for money for the airlift that I mentioned earlier, he said, ''Gee, how can this project be tax deductible?''

. Q Why do you have ATAC on the top of that card?

. A Because after the Antiterrorism American Committee was formed, I flipped through my little file box with all these file cards in it and pulled out people that seemed like a good prospect to call for the Antiterrorism American Committee.

. Q Would you turn to the next page, document No. 37802, and tell me if that is your handwriting.

. A It most certainly is. Boy, I wrote a lot, didn't I?

. Q Is this another reference to another contributor?

. A Another prospect.

. Q Did this person give money?

. A Not to my knowledge.

. Q Why do you have 15K written in the middle of the card?

. A A suggestion to myself as to how much I should ask him for.

. Q Would you turn to the next page, document No. 37804. Is that your handwriting?

. A Yes, it is.

. Q Does that card reflect your conversations with Mr. Tom Claggett, Jr.?

. A It most certainly does, and at least one conversation with his secretary.

. Q How much money did Mr. Giddens ultimately give?

. A Mr. Giddens? Mrs. Giddens was the one that made--

. Q I mean Mr. Claggett, I'm sorry.

. A The total amount of his contributions I believe amount to, and I can't swear to this, but I believe his total contributions were $25,000 to the National Endowment for the Preservation of Liberty, and $1,000 to the American Conservative Trust.

. Q Was one of those contributions for a helicopter?

. A Most certainly was. Not for a helicopter. It was for a missile to shoot a helicopter down with.

. Q So when you refer in there to--I assume you are referring to what he said, ''I would really love a piece of the helicopter. I got. I want to get me another of those helicopters,'' that refers to the helicopters that were going to be shot down with the missiles that he provided the money for?

. A Yes.

. Q Did you try to get him a piece of one of those helicopters?

. A I mentioned to Spitz that if we could obtain a piece of twisted rubble, it would be wonderful, and be very good for fund raising. To the best of my knowledge, we were unsuccessful.

. Q Would you turn to the next page, document No. 37805. Is that your handwriting?

. A It is, yes.

. Q What does--could you read the first two lines there and tell me what they refer to?

. A ''Means Johnston, Jr., birth date 11-19-14. Ed Weisel to call.'' Those are actually two separate things. The Means Johnston, Jr., is somebody that Ed Weisel told me to get in touch with, and I have made a not to myself, ''call this Mean Johnston, Jr., character and tell him Ed Weisel said to call.

. [redacted] The birth date 11-19-14, social security No. [redacted] refers to Mr. Tom Claggett's birth date and social security number, which is required for getting into the Old Executive Office Building.

. Q That was for the purpose of meeting with Colonel North?

. A For one of the meetings with Colonel North, yes.

. Q Could you turn to the next page, document No. 37842. Is that your handwriting?

. A It most certainly is.

. Q What does that document refer to?

. A It refers to notes I have made for myself for a solicitation for a meeting to take place with President Reagan.

. Q And did you use the solicitation?

. A A variation on it. I sincerely doubt I ever used those exact words.

. Q What meeting was this in preparation for?

. A I really couldn't tell you whether that was the meeting that took place in January of 1986 or whether it was the one that was supposed to take place in May of 1986, but which never happened.

. Q Would you turn to the next page, document No. 37787. Is that your handwriting?

. A It is.

. Q I think we have discussed this gentleman before.

. A Possibly.

. Q Would you turn to the next page, document No. 37767. Is that your handwriting?

. A It is.

. Q Could you tell me what that is in reference to?

. A Certainly. These are notes I made to myself regarding telephone calls to and plans to travel to Lancaster, Pennsylvania, to see Mel Salwasser.

. Q What was he doing in Lancaster, Pennsylvania?

. A There on a business trip.

. Q Circled on there is a telephone number, 395-3345, and the word ''Green.'' Does that refer to Colonel North?

. A That refers to Colonel North's phone number in the Old Executive Office Building.

. Q Why did you have this on this particular piece of paper?

. A Because Spitz at some point had instructed me to call him and so I had written down the phone number.

. Q Did you call him?

. A I called his office on either two or three occasions.

. Q And did you talk with him?

. A I did not speak with Colonel North himself, no.

. Q Who did you speak with?

. A His secretary, Fawn Hall.

. Q What was the purpose of the phone call?

. A Well, there were a number of different phone calls. The one that I recall very specifically is the one in which I called and gave some information to Fawn to give to Ollie regarding a meeting to take place the next morning with Mel Salwasser. The either one or two occasions on which I called Colonel North's office, I don't recall the specific purpose for the call.

. Q Would you turn to the next page, document No. 37770. Is that your handwriting?

. A It most certainly is.

. Q We have--

. A Discussed that gentleman already.

. Q Would you turn to the next page in your exhibit, document No. 76033. Is that your handwriting?

. A It is not.

. Q Would you turn to the next page, document No. 78783. Is that your handwriting?

. A No, that is not.

. Q Is your handwriting on that page anywhere?

. A It most certainly is not.

. Q Would you turn to the next page, document No. 81864. Is that your handwriting?

. A It most certainly is.

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. Q At the top of that page it says, ''FV help alert and mobilize volunteers for the grass-roots organizers.'' What does that refer to?

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RPTS MCGINN

DCMN PARKER

. A You really need to separate that page in half. The first asterisk, okay, everything above that is one thing, and everything from that asterisk down is something else.

. Q Would you tell us about the upper half of the page first?

. A Okay. I am kind of foggy on when it is because they must--the first half and the second half of the page must have been written at totally different times, because--no. Wait a minute. Now, I am remembering this. What this was is January of 1987 we were starting to figure out what our program would be for the next aid request for aid to the freedom fighters and this was me starting to make some notes from Spitz talking to me about things that would be part of our next campaign for aid to the freedom fighters in Nicaragua.

. Q It says on there the major focus is to get prominent local leaders to besiege congressmen.

. A correct.

. Q Was that campaign ever carried out?

. A No.

. Q Why not?

. A A number of reasons, probably the most important being that you folks and Walsh's office and the IRS came down on us like a ton of bricks before we got a chance to get it in operation.

Q Would you explain to us the bottom half of the page?

A Sure. We raised some money to produce a report on the various and sundry left-wing organizations that have been supporting the Sandinistas, the communist guerrillas in [redacted] and the other communist organizations in Central America. There are a number of organizations I wish you all would get around to investigating that have been supplying arms and others to communist rebels which has to be a violation of 27 million different laws, and we were starting to prepare a report on these organizations.

Q Who was preparing the report?

A Richard Miller's firm, IBC, was preparing it for us.

Q Did they ever complete the report?

A They never completed it. They completed, I believe, three drafts.

Q Do you know who was doing the work at IBC?

A I do not.

Q What does the reference to ''1500 must be at Plaza of Americas Tuesday'' refer to?

A What it refers to is that Rich Miller had a list, a

Xerox bunch of pages that listed more than 1500 groups that were doing these kinds of activities, and we were at the Plaza of the Americas Hotel in Dallas, I guess it was, and he was to get it telefaxed to us at the Plaza of the Americas Hotel.

. Q And the purpose of that was to use it for fund raising?

. A That is correct.

. Q And the persons who are referred to on that note were going to be there at the Plaza of the Americas Hotel?

. A No. These people are people that were to be solicited for this project eventually.

. Q Were they ever solicited?

. A Some of them were.

. Q Did they contribute?

. A Some of them did.

. Q To this project?

. A Some of them did.

. Q Did you tell them that--did you describe the project to them?

. A I did.

. Q And did you tell them that IBC was going to be compiling a report?

. A No.

. Q Did you tell them who was going to be compiling a report?

A People we were hiring to do it.

Q Would you turn to the next page, document 81863? Is that your handwriting?

A It is.

Q What does that refer to?

A I couldn't tell you. I mean there is a number of states listed. Something about a democratic vote in New York and a democratic vote in California, and that is about the only sense I can make out of it. I could probably tell you more if I had the pages on either side that immediately preceded it, and all but totally out of context like this, it is very difficult to tell what it was.

Q Would you turn to the next page, document number 81862? Is that your handwriting?

A It most certainly is.

Q Could you run down that list one by one and tell me what those references are to?

There are numbers, I believe, one through seven?

A Just start with Number one?

Q Yes.

A Okay. All right. ''Call and beat Mel silly.'' This reference to calling him and making a very serious and heavy-handed solicitation.

Two, ''O'Neil--where stay.'' Call Bill O'Neil and find out where to stay in California.

Three, ''Call Salvator~~e~~i.''

Four, ''Call Libby or Dan Kuykendall. ~~Kiendall~~ Get list of congressmen on Select Committee who are liberals.''

Q What was the purpose of that? Did the Select Committee refer to this committee?

A I don't know. I am trying to recall that if you just give me a moment. The only way I am going to be able to recall that for you is to sit here and literally remember when I wrote this down, so it is going to take me a second.

Yes, okay. It refers to this committee.

Q Why did you want that list?

A We wanted that list because were going to run an ad that we never got around to running, which was going to essentially--I believe it was a 30-second ad that was going to be about 20 seconds or so taking advantage of the public's opinion of this whole investigation, which is that it is a big fat waste of time, effort and money, and it was going to expound on what a waste of time, effort and money it was and then tell me to call up their congressmen, in whose district it would be running, and say, ''Get off the President's back.''

And we were to call Libby or Dan Kuykendall ~~Kiendall~~ to get the congressmen on this committee who would be a likely candidate for such an ad in their district.

. Q Who is Libby?

. A She works for Dan ~~Kendall.~~ Kuykendall.

. Q Did you make that call?

. A I don't know.

. Q Did you ever get the list?

. A Not that I know of, but it wouldn't have come to me. It would have gone to Spitz.

. Q Do the references in Number 5 to Garwood, Number six to Ramsey and Number seven to Anderson refer to prospective contributions for those ads to be run by Sentinel?

. A That is correct.

. Q Did you solicit those people for that purpose?

. A Solicited Mrs. Anderson for that purpose. I believe I solicited Ramsey for that purpose, and I don't think I solicited Mrs. Garwood, but I am not sure.

. Q What do the capital letters A.D.D., refer to in each instance?

. A The fact that they are to be solicited for the ad I briefed you on a moment ago.

. Q Were those ads ever produced?

. A I don't think so. I think we ran them in a newspaper, but I don't believe we ever actually produced them in a television form.

. Q So Sentinel ran newspaper ads directed at this committee; is that correct?

. A I believe so, yes. It is called self-defense.

. Q Could you read the last two entries on that page and tell me what they refer to?

. A ''Annie getting car. Cash.'' Annie was Bill O'Neil's secretary. She was arranging for a rental car for us to pick up at the Merimar Sheraton and cash refers to the fact I am to go and get some money from the bank for our trip.

. Q What trip was that?

. A The trip we took in January to California.

. Q And what was the purpose of that trip?

. A To raise money.

. Q Was the purpose of that trip? To raise money for these Sentinel ads?

. A No. The purpose of that trip was to raise money for the study of left-wing groups that I mentioned to you a moment ago.

. Q And did you raise any money for that study on that trip?

. A Yes, we did.

. Q Who did you raise money from?

. A I raised $30,000 from Mel Salwasser.

. Q And was that money given to IBC for the purpose of compiling that report.

. A Money was paid to IBC for the purpose of compiling that report.

. Q Did you ever see that report?

. A I did, yes. Well, I saw one of the drafts of that report.

. Q What was the report used for?

. A It never got used for anything in the end because by the time the thing was ready we were so busy fighting Walsh and his thugs and you guys off our backs, we couldn't do anything. We were paralyzed.

. Q Would you turn to the next page, document Number 81860 and tell me whether that is your handwriting on that page?

. A It is.

. Q Would you turn to the next page, document 81859, and tell me whether or not that is your handwriting?

. A It is.

. Q Do you recall when this page, when the notes on this page were written?

. A January of 1987, while at a hotel in Dallas.

. Q Could you read the last two lines on that page and tell me what they refer to?

. A ''Trent Lott, Henry Hyde, Bob Livingston, California, Bob Michael, Richard Ray, Georgia.'' Now let me try and figure out what they refer to. I can't say this for absolutely positive, but my guess is that these are people on this committee that we figure are likely to be reasonably friendly toward us, but I am guessing. I don't recall the situation in which I wrote it.

Q In the middle bottom part of that page there is the name, ''Perot,'' underlined.

A Right.

Q Can you tell me why that entry was there?

A I was to try and get in contact with Ross Perot and try to raise some money from him.

Q For what purpose?

A For any one of a half dozen projects that were muttering about at that time. The study, Nicaragua, Sentinel get off the President's back, possibly the Constitution project, any one of a number, just so long as I could raise some money from him.

Q Could you turn to the next page, document 81855, and tell me whether or not that is your handwriting?

A It most certainly is.

Q What do the entries on that page refer to?

A The first things that have the little sort of carets next to them refer to important points in a solicitation for the Anti-Terrorism American Committee.

Q The last entry on that page says, ''Dan call David Fischer,'' and then ''Thursday p.m. brochures done. Get date by Friday so we can start calling. when is he coming to D.C.'' What does that refer to?

. A That I am to tell Dan to call David Fisher Thursday evening and get the date for the meeting that was to take place with the President in May that never did, so that we could start calling people to come to it. ''When is he coming to D.C.,'' I don't know what that refers to. It may have--no, no. I don't know what that refers to. And, ''Get date,'' refers--''brochures done,'' refers to some brochures that we were putting together for our strategic defense initiative program.

. Q Would you turn to the next page, document 18852 and tell me whether or not that is your handwriting?

. A It most certainly is.

. Q Could you tell me what those entries refer to?

. A They are notes for a solicitation. I can't tell you what they are a solicitation for because there is nothing to indicate that. But they are notes of the types of things that I am to say.

. Q Would you turn to the next page, document 81803 and tell me whether or not that is your handwriting?

. A It most certainly is.

. Q What does the entry, ''Calero Christmas,'' underlined refer to?

. A It refers to the fund-raising letter and the fund-raising telephone calls we made in December of 1985 to raise some money to buy some little things for the freedom fighters to bring at Christmas time to their families.

. Q Did this individual contribute ultimately?

. A No, he didn't.

. Q Turn to the next page, document number 37792. Is that your handwriting?

. A It most certainly is.

. Q There appears to be a list of different contributions there from this particular individual. Does this reflect the usual practice of soliciting a contributor for a variety of purposes associated with Mr. Channel's organizations?

. A What that is is the note card that I usually keep. The note cards you have seen on other people that have written lines about conversations, for some reason I lost my original card on Mr. Weisel and so I sat down and sort of recreated it by simply listing the dates and contributions made.

. Q On the second line in substance there it says, ''Yes to 9/16 briefing,'' $1,000. What does that mean?

. A He came to a meeting conducted by Colonel North in the evening in which Colonel North would stand up and give a slide presentation and as a result of that meeting he gave us a contribution of $1,000.

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Q There is another entry on the next line of ''4/25 1K NEPL 1K ATAC.'' What does that refer to?

A It refers to the fact on April 25, I called him again and convinced him to give a contribution of additional $1,000 to the National Endowment and $1,000 to help form the Anti-Terrorism American Committee.

Q Did he make those contributions?

A He made the thousand-dollar contribution to ATAC. I am not sure if he made the thousand-dollar contribution to the NEPL.

Q There is a line in there that says, ''Also is calling Peter Rosenblatt. So I can ask him for dollars.'' Did you call Peter Rosenblatt?

A No, sir.

Q Why not?

A Because I don't think he ever called him. It was one of those things he said he was going to do it, and it sort of just got--it went by the wayside. It was probably my fault, because I probably didn't call him up the next day, and say, ''Gee, did you call Rosenblatt? Have you told him I am going to be calling him? What is his phone number?''

I probably didn't push it hard enough. It is one of my major failings as a fundraiser. I don't push hard enough.

Q The next line says, ''6/16 for Barnes ads.'' Are those the ads relating to the vote which took place late June?

. A That is correct, sir. They were run by Sentinel regarding the vote on AID to the freedom fighters.

. Q Can you make out what the next line says?

. A It looks like $1,000 for ATAC. There we go. That is 1K, ATAC, MIK, meaning Mikulski/CHAV, meaning Chavez ads.

. Q What was the purpose of those ads?

. A Well, as I explained earlier, those ads were run by the Anti-Terrorism American Committee shortly before the democratic primary, and they were to give the impression that Mikulski and Chavez were the only two viable candidates and thereby help destroy Michael Barnes.

. Q On October 27 and October 30 there are two contributions--1K for ACT and 3K for ACT. What were the purposes of those contributions?

. A Political contributions.

. Q Why did you solicit him twice in three days?

. A Because I didn't get enough money from him the first time.

. Q The next entry on there is ''12/12, 1K for Green.'' What does that refer to?

. A We were trying to raise some money for Colonel North's legal defense fund, and he had said he would give some money for that. He never did get around to it.

. Q Would you turn to the next document, Number 37801? Is that your handwriting?

. A It most certainly is.

. Q Could you tell me what the last two lines in that document refer to?

. A Sure. You ever heard of a computer system you can lease in this city called Washington Line?

. Q No.

. A Well, if you will talk to any of these fine congressmen, they will tell you what it is. But what it is is it is a computerized record of all FEC accountable contributions. So you can look a person up on that thing on your handy-dandy little home computer, and it will tell you all the contributions that person has made since 1983 to PACs and political candidates and that is real handy for a fundraiser.

. Q And those references are to--

. A To somebody that I looked up.

. Q To somebody you looked up on the computer.

. A Right.

. Q Could you turn to the next document which is document number 37845?

. A Uh-huh.

. Q Tell me is that your handwriting?

. A It is.

Q Could you tell me what the secret conference that is listed there refers to?

A The ACF conference that I have described to you in some detail earlier to help build support within the White House for the President's policy of aid to anti-communist guerrillas around the world.

Q Why was it secret?

A Oh, my. Well, you know, the contributors we had are all kind of double O seven, cloak-and-dagger types, and if you tell them you are going to have a nice public conference, they are not going to give you much money, but if you talk very quietly and tell them they can't tell anybody about this conference, they will give you a lot more money.

Q The second line says, ''meet Luttvak on Monday.'' Who is that?

A It is a misspelling. It is L-U-T-T-V-A-K. I believe that is the correct spelling anyway. He is the fellow that has written a couple of books on the subject of supporting anti-communist insurgents around the world.

Q Did you meet with him?

A I didn't. I believe Spitz may have at some point, but I am not sure.

Q The next few entries have figures which seem to refer to dollars and names beside them. Did those individuals contribute that amount of money for this conference?

. A No. These were suggestions to myself on how much money I should ask each of them for.

. Q And did you ask each of them for that amount of money?

. A Well, I asked Mel for $20,000. Mrs. Anderson, I don't even think I ever got around to soliciting her for this. I didn't solicit O'Neil for it. I solicited Salvatore, but he didn't give, and I solicited Barbara Christian and she gave five.

. Q On the reasons of that upper part, it says, ''Conference gives Ollie 10K.'' What does that refer to?

. A This is of course after Colonel North has been relieved of his post, and we were going to arrange to give him a speakers fee for speaking at the conference or something like that.

. Q Did he know you were going to give him a fee for speaking at this conference.

. A I haven't the foggiest. I don't arrange that sort of thing. Spitz does.

. Q Who told you to put this reference in there to giving Ollie 10K?

. A Spitz.

. Q He told you to use that as part of the pitch?

. A That is correct.

. Q The next line says, ''Tell--what are those?

. A ''Tell Dan meet with Luttvak Monday with David Fisher. Tell Dan to meet with Luttvak, start arranging the conference. Monday Fischer, Carl Russell, Channel and KSL to meet.''

. Q Did you meet?

. A No.

. Q What does the next--

. A At least I don't recall meeting with him.

. Q What does the next entry, ''95 by Thursday,'' refer to?

. A Not positive, but it probably is--means I need to have commitments of $95,000 by Thursday.

. Q The next entry says, ''Hire Fischer to bring us all over to the White House to meet with R.R.'' Could you tell me what that refers to?

. A As I am sure you are aware, Fischer was on the payroll as a consultant to the National Endowment, and one of the services he would provide was to arrange meetings that the President would pop on in and say hi to the contributors and get his picture taken with them and we were to tell David Fischer, David, arrange this meeting and pay him to do so.

. Q It says, ''Hire Fischer.''

A Right.

Q But you are indicating he had already been hired. Is that correct?

A Oh, he had been on the payroll for a long time. I think at this point he may have been off the payroll for a while, and we were to put him back on, but I am not really sure.

Q Was he hired for the purpose of arranging meetings with the President to your knowledge?

A That was one of the things he was to do for us, yes.

Q Do you know what he was paid to do that?

A I have heard a lot of different figures bandied about, and I don't know for sure which of them are accurate.

Q Did Spitz or Dan Conrad ever tell you what he was being paid to do this?

A I believe in the instance of the meeting that was to take place regarding the ACF conference, I believe that Spitz said to me something along the lines of, ''Well, you are going to have to raise an extra $20,000 so that Fischer--so that David Fischer can arrange a meeting with the President.''

Q And did you respond to that?

A Of course. I said could, ''Okay, Spitz.'' Actually I probably said yes, sir.

. Q Could you read the last four or five lines where it starts with Barbara--I guess that refers to Barbara Newington.

. A Barbara Newington, her phone number, ''call her on Thursday, Green set up before he disppeared, Green will show up. We will get money for grant for him. We need her to give 30,000 to make possible. Private.''

. Q What does that refer to?

. A Okay, this was Green's idea, and he started to get the ball rolling before he was relieved of is post. ''Green will show up.'' That is self-explanatory. We will get some money for a grant for him, you know, or speaking there or something like that.

. ''We need her to give 30,000 to make this thing possible.'' It is a private meeting.

. Q You indicated earlier in response to a question by Mr. Fryman that the document that he was discussing was a transcript of a tape that was made at the fund-raisers' meeting.

. A Uh-huh.

. Q Were all the fund-raisers' meetings taped?

. A No.

. Q How many of them were taped?

. A You have got to remember a fund-raisers' meeting usually consisted of lunch and there were anywhere between one and five of them every week. I was there for 19 months. I couldn't begin to even estimate how many were taped. Lots of them were taped, and lots of them weren't.

. Q Do you know what happened to the tapes?

. A I haven't the foggiest. What probably happened to them is they are on those little mini tapes that come with tape recorders that big. They probably, after they were transcribed, got reused. That is what I did with all my tapes.

. Q Do you know whether any of the tapes were destroyed after this investigation began?

. A The only documents, the only thing that I know anything about being destroyed was some documents I brought home with me in December of 1986 that I put in the middle of the yard, dowsed with gasoline and burned.

. Q Why did you do that?

. A Because by December of 1986 it was becoming quite clear to me that things were starting to unravel and I figured it would be a good time to start cleaning up.

. Q What were those documents?

. A They were probably file cards and basically what I did was I just sort of rifled through my contributor book, rifled through my index cards and my desk and anything that looked unpleasant, I burned.

. Q Were you ever aware of any funds being transferred

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by IBC to Lake Resources or the Cayman Islands?

. A Not until after it became public.

. Q During the period in 1987 when you all were discussing how to deal with what you referred to as this catastrophe earlier, were there any discussions in those meetings about money being transferred to Lake Resources or the Cayman Islands?

. A A couple of times, yes. As a matter of fact, after--I will try to remember a couple of instances. After Spitz was first deposed by the FBI, which was I guess in January of 1987, we talked a little bit about a check that had been--about the fact that money that was going to the freedom fighters had been sent through IBC and talked a little bit about one check in the amount of $1.25 million that had been made out to an IBC corporation or an Intel corporation or something like that, and some mention was made of the fact that it was in the Caymans.

. I also heard the accountants talking about the fact they were a little bit concerned because a couple of checks, canceled checks that had come back to us had come back with markings on them from banks in the Cayman Islands. I mean there were a number of instances where that came up.

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RPTS CANTOR

DCMN MILTON

UNCLASSIFIED

[7:30]

. Q Who participated in these meetings to talk about how you dealt with what you referred to as this catastrophe?

. A Mostly Spitz and myself and sometimes with other people present.

. Q Who were the other people present?

. A I don't recall specific meetings, but probably Dan, probably Cliff, although Cliff might not have been there, because he was--by the time we got rolling into February and after Jane went public and all, he was starting to come apart at the seams.

. Q Did you ever meet with any employees of the State Department during your activities on behalf of Mr. Channell?

. A The only one that I specifically know that I met with was an employee of the Agency for International Development, which has its offices over there. He is an old college buddy of mine, and I got together with him a number of times in a number of instances to drink and cry and tell him how scared I was.

. Q But you had no meetings with any officials at the State Department that related to your fund-raising activities?

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UNCLASSIFIED

. A No, not that I recall, no.

. MR. OLIVER: I don't have any further questions, Mr. Littledale. Thank you for your patience.

. MR. TOURISH: I'm in a dilemma. My auto is in a garage that closes at 8:00. My wife is in the hospital.

. BY MR. BUCK:

. Q First I want to thank you very much for coming.

. A Did I have a choice?

. Q It has been one of the most entertaining depositions I have attended.

. A I had fun while it was happening too.

. Q Do you know of anything, any laws that would prevent an American citizen from giving money to an organization to purchase weapons?

. A Well, I have learned since all this took place that there is probably a problem with that if it's tax-deductible money they give. If you ask for it and say it's tax deductible, but to the best of my knowledge, and Spitz said this repeatedly during the course of this mess, that if only we had been a good, old fashioned, for-profit corporation we could have raised all the money in the world and ~~[illegible]~~ bought the blasted weapons ourselves, so, no, I don't know of any laws that prohibit somebody giving money to an organization for the purchase of weapons so long as the IRS problems don't get involved.

UNCLASSIFIED

. Q Have you ever read any of the Boland Amendments?

. A Yes, I have read them recently, sure.

. Q Did you ever read the Neutrality Act?

. A No, never did. I have read portions of it, and I do know that what the Neutrality Act talks about is preparing an invasion or hostilities against a foreign power with which the United States is not at war from the United States, which essentially means to me that if somebody wants to give me $10 million to overthrow the government of Haiti, there is no problem with that so long as I don't hire anybody in this country, buy any arms in this country, or run the operation from this country.

. Q Are you aware of other groups giving money to organizations in Central America, other groups in this country?

. A Well, you know, old General Singlaub supposedly has been doing quite a bit of that kind of stuff.

. Q I was wondering about groups in this country that are giving money to countries or left-wing groups in Central America?

. A Certainly. If you will be kind enough to subpoena the report that IBC prepared and sit down and read it as closely as you have read the 10 million pages that we all gave you, you will find plenty of good examples in that.

. MR. BUCK: I have no further questions.

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[Whereupon, at 7:35 p.m., the deposition was adjourned.]

UNCLASSIFIED

January 15, 1986

[redacted]

It was good speaking with you yesterday about the assignment we've been given for the next 100 days.

Today's paper says the White House has revised upward the amount they plan to request from Congress. This makes our success in filling the needs of the next 3 months even more critical. If we can sustain the resistance until U.S. aid arrives, victory will be ours.

I've enclosed the newspaper article for you to see just how close we are.

I'm looking forward to seeing you in the next two weeks to go over our "shopping list" and discussing your participation in making this great victory over communism a reality.

Sincerely,

Kris Littledale

Enclosure

KSL/rw

[redacted]

Dear [redacted]

It was good speaking with you yesterday about the assignment we've been given for the next 100 Days.

Todays paper says the White House has revised upward the amount they plan to request from Congress. This makes our success in filling the needs of the next 3 mon" even more crucial. If we can sustain T resistance until U.S. Aid arrives, victory will be ours.

I've enclosed the Newspaper articles for you to see just how close we are.

I'm looking forward to seeing you in the next two weeks to go over our "Shopping list" and discussing your participation in making this great victo over communism a reality

Sincerely

Fund Raisers Meeting-May 23, 1986

Ronald Reagan received over sixty percent of the vote. But we are to do is use that as one of the keys. Don't forget this is not a election campaign. This is an influence campaign. You are seeking to influence people to support the President's full funding needs and a key element of this influence is education. As to the threat the Communist pose if is not funded correctly. We may have an opportunity to move a lot of this into an election position. For instance we are in the process right now of finding out what are the contested races in those districts where the President got over sixty percent of the vote. What the position of the incumbent is as well as the challenger. If the incumbent is week on SDI and the challenger is strong on SDI and the voting population strong on SDI our saturation educational ads cannot but help Republican challenge. So when these people give us $30,000.00 and our ads cost $35,000.00 day around the country they are in many districts literally giving a political contribution to support President Reagan's congressional candidates. They are giving us $30,000.00 to support a challenger candidate in these districts. That is an incredible incentive for these people to give. Because we are picking the issue that is popular with the population, an issue that is popular with the President in an area where the congressman may not be supporting the President as much as the people want, being that it is an election year by hyping this issue and bringing it up and highlighting the fact by implication that the challenger supports this issue. We are really going to be giving a $30,000.00 plus contribution to these challenger candidates. Now, you might say that to someone who is a political freak and they'll go hm, never thought you could do that and the answer to that is look Mr. Jones this woman is trying to sell cookies in Reno she doesn't to many people she can't get her message out. If you put a message on television talking about how good chocolate chip cookies are general and saturate it, these people are going to start connecting her, the person who makes them with the desire to have them and you are definitely going to help her business. This is an incredibly subtle political benefit to every single Republican challenger and I don't know how you say this without getting burned on the telephone, but you can just say I want to tell you what another way to look at this whole campaign. We are taking an issue that the American people support. We are advancing this issue in congressional districts where the American people strongly support the President and encouraging that incumbent to support the President. If that incumbent doesnot support the President, what is actually going to happen is the challenger candidate is going to benefit imeasurely from our activities because the challenger position and the population position are become well known to each other through the medium of our television message. On the other hand the fact that we are hyping this issue and the incumbent doesnot support the President will definitely highlight the difference between the incumbent and his constituents. This is an incredible political benefit to every single Republican running for office. It is essentially a $30,000.00 contribution to these challengers' campaign with the finest issue that Ronald Reagan has in the country today. So there are many people who love politics and this is a very good way to appeal to them. It is also tax deductible and they don't have to stop. There are four districts in the state of Texas where there are four media markets where we want this. These people can give $120,000.00 if they want to hype this issue in those districts. We have a fabulous election opportunity in Louisiana. I don't know what the position of the two people is, your book should tell you. But we have an incredible opportunity because the people of Louisiana are extremely supportive of the President. We might want to spend a million dollars on education in Louisiana. Then get the challenger to come after the primary is over in September whenever it is and say that one the reasons why he won is because of the vast strong support of President Reagan's SDI and that will make the Democratic Party go wild. It will strength the President's SDI tremedously, so there are inumerable benefits from this program and people can understand that they are getting politically on the strongest issue the President has in areas where the people support him to expose incumbents positions against their constituents. You have got a very strong political ad right here and you have not mentioned meeting with the President of the U.S. once. You are virtually insuring that SDI is going to become a major issue in the campaign. Which is the strongest of the President's suits, strongest of the Republican Party's suit, it is security, it is family, it is national defense.

(You just can't call them up and say you are going to give this money and this going to be a political contribution. You don't start that way. You know there are two sides to every person, you can look in the front or the back, the same person. But the impact of saying to someone like [redacted] or inumerable political crazys is that we are going to give you an opportunity to give $30,000.00 tax deductible political contribution and we want to tell you how to do it. I mean they may say oh I am not going to do that, but they will listen. They will be very curious and then when you talk about the fact that this is where the President's residual strength is, this is where the battles are, this is where we have the greatest opportunity to win and this amounts to a $30,000.00 political contribution. You don't have to stop there. We can carry our messages right on through the election and you can deduct every penny you pay for it.)

FUNDRAISERS MEETING - MAY 23, 1986

Ronald Reagan received over sixty percent of the vote. We must use this as one of the keys. Don't forget this is not an election campaign. This is an influence campaign.

You are seeking to influence people to support for the President's full funding needs and a key element of this influence is education as to the threat the Communists pose if it is not funded correctly.

We may have an opportunity to move a lot of this into an election position. For instance, we are in the process right now of finding out what are the contested races in those districts where the President got over sixty percent of the vote, what the position of the incumbent is, as well as the challenger.

If the incumbent is weak on SDI and the challenger is strong on SDI and the voting population strong on SDI our saturation educational ads cannot but help the Republican challenger.

So when these people give us $30,000.00 and our ads cost $35,000.00 a day around the country they are in many districts literally giving a political contribution to support President Reagan's congressional candidates.

They are giving us $30,000.00 to support a challenger candidate in these districts. This is an incredible incentive for people to give.

We are picking an issue that is popular with the population. An issue that is popular with the President in an area where the congressman may not be supporting the President as much as the people want.

And being that it is an election year, we can hype this issue and it will become known (implied) who is supporting this issue - the incumbent or the challenger. We are really going to be giving a $30,000.00+ contribution to the challenger candidates.

Now, you might say this to someone who is a political freak and they'll never have thought you could do that. And the answer to that is, "Look Mr. Jones, there is a woman trying to sell cookies in Reno but she isn't getting her message out to many people. If you put a message on television talking about how good chocolate chip cookies are in general and saturate it, people are going to start connecting her, the person who makes them, with the desire to have them and you are definitely going to help her business."

So there are innumerable benefits from this program and people can understand that they are getting politically on the strongest issue the President has in areas where the people support him to expose incumbents positions against their constituents.

You have got a very strong political ad right here and you have not mentioned meeting with the President of the U.S. once. You are virtually insuring that SDI is going to become a major issue in the campaign, which is the strongest of the President's suits, strongest of the Republican Party's suit, it is security, it is family, it is national defense.

You just can't call them up and say they are going to give this money and it is going to be a political contribution. You don't start that way. You know there are two sides to every person, you can look in the front or the back, the same person.

Using this approach on someone like [redacted] or innumerable political crazies will have an incredible impact.

We are going to give them an opportunity to give a $30,000.00 tax deductible political contribution and we want to tell them how to do it. I mean they may say, "Oh, I am not going to do that", but they will listen. They will be very curious.

Then you talk about the fact that this is where the President's residual strength is, this is where the battles are, this is where we have the greatest opportunity to win and this amounts to a $30,000.00 political contribution.

And they don't have to stop there. We can carry our messages right on through the election and they can deduct every penny along the way.

Now there is something else you want to look at when you call people, especially in the new South. Check your map to see if we have congressional districts in their state, Texas as an example.

But you can see we don't call them congressional districts, we call them media markets, where interestingly enough your congressman will hear all this media. This is the political component to this issue, which if you say it correctly is absolutely dynamite.

I'll tell you something, you're not going to get much success with this regretably before the meeting with the President.

But if you call about the first of October and start talking about these ads staying on to support these candidates, amounts to a $30,000.00 political expenditure. We may make ten million dollars in October. We may be doing this whole issue at the wrong time.

RESPONSE TO "I GET CALLED SO OFTEN FOR CONTRIBUTIONS"

There are 230 million people in this country. 103 million of these people are potential voters. (Eighteen years and older). Roughly 3,000 of those 103 million people give $5,000 or more to bring about political change in one way or another. That's about three thousandth of a percent.

That makes you a rare commodity, Mr. Jones. You are in demand becuase you're one of few needles in a sky high haystack.

You are part of that three thousandth percent who care enough about the future of American democracy and the policies of our government to be generous and contribute to the direction of our nation. This is why you're called so frequently.

People look for other people to help solve a problem. People search you out seeking your support to help solve problems. The American political system is no different. It is very natural that your support would be sought to help solve political problems.

You are a very blessed individual that you do have the sense enough to participate and that you have been blessed with the finances to be able to participate.

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645
09PM

Western Union Mailgram

4-0464495252002 09/09/86 ICS IPMBNGZ CSP WHSB
1 2023636142 MGM TDBN WASHINGTON DC 09-09 1125P EST

ANTI-TERRORISM AMERICAN COMMITTEE
1331 PENNSYLVANIA AVE NW SUITE 350 SOUTH
WASHINGTON DC 20004

THIS IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2023636142 TDBN WASHINGTON DC 108 09-09 1125P EST
PMS LT COL OLIVER NORTH, DLR
NATIONAL SECURITY COUNCIL RPT DLY MGM, DLR
OLD EXECUTIVE OFFICE BLDG 17TH & PENNSYLVANIA AVE NORTHWEST
WASHINGTON DC 20506
DEAR COLONEL NORTH
WE HAVE THE HONOR TO INFORM YOU THAT CONGRESSMAN MICHAEL BARNES, FOE OF THE FREEDOM FIGHTER MOVEMENT, ADVERSARY OF PRESIDENT REAGAN'S FOREIGN POLICY GOALS AND OPPONENT OF THE PRESIDENT'S VISION FOR AMERICAN SECURITY IN THE FUTURE HAS BEEN SOUNDLY DEFEATED IN HIS BID TO BECOME THE DEMOCRATIC CANDIDATE FOR THE US SENATE FROM MARYLAND.

HIS DEFEAT SIGNALS AN END TO MUCH OF THE DISINFORMATION AND UNWISE EFFORT DIRECTED AT CRIPPLING YOUR FOREIGN POLICY GOALS.

WE AT THE ANTI-TERRORISM AMERICAN COMMITTEE (ATAC) FEEL PROUD TO HAVE PARTICIPATED IN A CAMPAIGN TO ENSURE CONGRESSMAN BARNES DEFEAT.

FOR THE ANTI-TERRORISM AMERICAN COMMITTEE
SPITZ CHANNELL, PRESIDENT, CLIFF SMITH, DIRECTOR, KRIS LITTLEDALE, DIRECTOR
1331 PENNSYLVANIA AVE NW SUITE 350 SOUTH
WASHINGTON DC 20004

23:26 EST

MGMCOMP

5241 (R 7/82)

TO REPLY BY MAILGRAM MESSAGE, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

10/23/86 Kris Littledale

How many contributors 39
How many 1 time Contributors 23
" " 2 " " 8
" " 3 " " 2
" " 4 or more " " 6

# of New contributors By Month.

Sept.	6
Oct	6
Nov	6
Dec	2
JAN	4
Feb	1
Mar	6
Apr.	0
May	1
JUN	1
JUL	0
Aug	2
Sept	2
Oct	2

④ ~~[illegible]~~ How many contributors who came to grow + gave for 1st.
16 " " " were invited to Grassy Gave, D.J. m.
1 " " " gave 1st after meet w/ RR

1.) $ given by contributors who gave 1st at a green meeting (including April) (4) $23K (Not incl April) = $36,000

2.) $ given by contribs invited to green meeting who gave but did not attend. (16) (127K)

3.) $ given by contribs who came to 1st PR meeting and gave 1st there. ($42,500) (1)

4.) $ given by contribs first contacted for fundra other than a meeting (17) ($24,100)

5.) $ Given by contribs 1st contacted for PR mee who did not come (2) ($25,250)

$\frac{67750}{254,850} = 279$

I would like to suggest that we can infer from the above that:

1) The green meeting is the single most effective method of obtaining contributors (50

2) Green meeting is single most effective fu raising tool. (Such meetings or their invite have prov contributors that have given 87% of my contributio

Green: Oct, Nov, March, April

Barnes - WANTS Indict Ollie
Watergate babies - WANT TO GET AT the Pres
through Ollie
WANT Another Watergate

Look
BARNES
up in
Almanac
of Amer
Politics

Put Barnes out of Politics
If we get rid of Barnes we get rid of the
ring leader and rid of the problem.

Special PAC to do only 1 thing only
TO RID Congress of Congressmen that
are trying to undermine President in his
anti-terrorist Policies
Barnes trying to Indict Ollie - WANTS
to get at RR - Trying to use RR
to elevate his Senate Campaign -
If we can beat him he's out of
Congress.

A 0037851

Giddens Re

CIA, Nic, Embassy Security,

Destroy Barnes - use him as object lesson
to others
— RR informed on his return —

Littledale Depo. Ex 2
9-8-87

[redacted] [redacted] 10K

9/5/85 RABID anti-communist. We should Invade Nicaragua Media is Not misguided, they are Communists. Same for Congress. Sending 1K 9/6 NOTE: Gave $500 to NEPA just one week previously. THIS MAN HAS $$ and he likes to give it away. Thanked 9/17.. Your $ already being used, wish to Discuss This at meeting. 9/30 Can't make it on 10/17. Call me in a week about Meeting out here. Concerned .. with Afghanistan, 1/3 Company Cash flow problems. (END OF YEAR) Knew we had 3 Contras at Meeting. Wanted to Kill a Lib Congressman. Had just had dinner w/Booker. CIS, "Friends of the Americas" $2 K for Food, [redacted]

1984 GAVE $200 to Western Gala 1986 - ~~Agreed 2K for next gala~~

[redacted] [redacted]

9/12 Great FAN RR. Hates communists, but not the bloodthirsty type. Into Prayer. Said "I'll pray" at least 5 times. I think I can send 5K If not I'll send 4. Rec 5K 9/16 Thanked 9/17 Don't WANT $, just WANT HER TO BE HERE

9/30 - out of town till weekend.

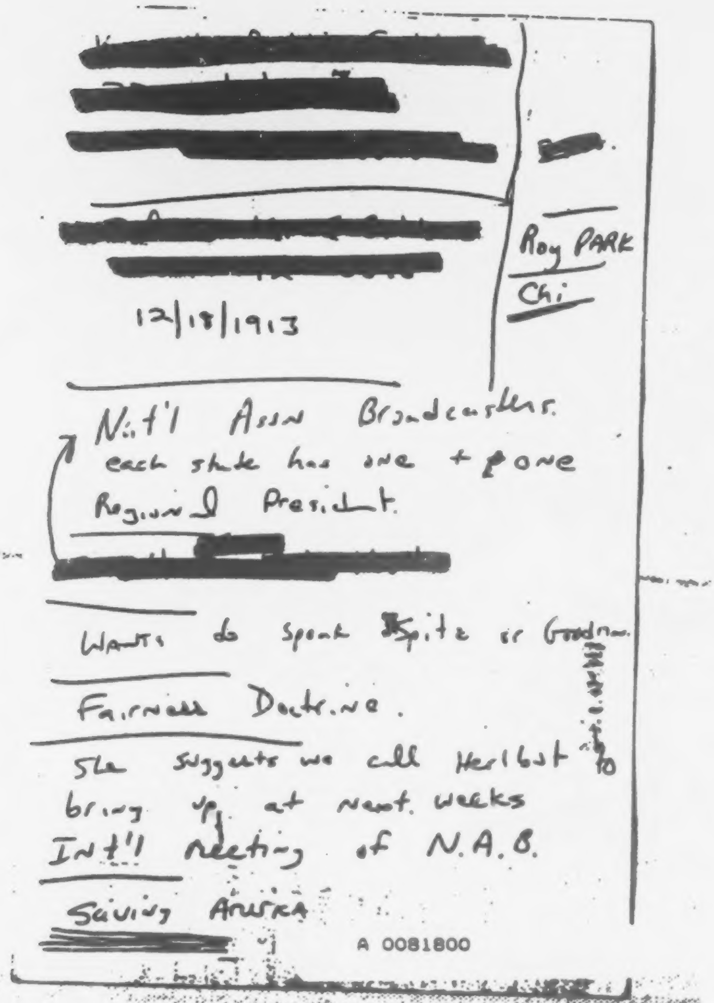
10/28 Ill - Speaking w/R re Nangun = Nurse jumped on phone & "You've listened long enough. This is ridiculous. You hang up right now." E.W. Apologized said she was ill and would have to hang up - or Nurse would get angry"

[redacted]

[redacted]

206

OFTEN Better to speak w/ Mrs. Freinds of TOM Clagett
1/28. He is Part of CARRIBBEAN Intercultural Foundation. Involved w/
Radio Marti - OWN T.V. station in Alabama. Director of "The Voice" OLD
TIME ACTIVIST 6/13 TO C.R.; Kennedy, Weiker, Biden, Cranston, Lehy,
** 10/21/86 ONLINE 15K 86 - 62.5K Total - Mostly in 250-1,000 shots Notable
Contributions 2K Amer citizens for Pol Action 86, 2.5K RNC 86, 10K RNC 83, 2K RNC 84,
5K RNC 85, 5K RNC 85 (2nd time), 2K Mattingly 85, ~~2K~~ 1/4 Talking to Irangate
Mr. G money-giving = Heard vicious rumors about spite Thinks there will
be no more contr. aid until mess is cleaned up. Tips for soliciting
her. Build strong case - state need - Ask for help - Don't Ask for
specific Amount Down so gets her real ticked



[redacted]

[redacted]

[redacted]

Roy PARK

Chi

[redacted]

12/18/1973

Nat'l Assn Broadcasters.
each state has one + one
Regional President.

[redacted]

Wants to speak Spitz or Goodm

Fairness Doctrine.

She suggests we call Herlbut to
bring up at next weeks
Int'l Meeting of N.A.B.

Saving America

[redacted]

[redacted]

213 277 3444.

1) Copy of Adds
2) Wes Smith's Report. 10K

1/16 Challenge - Need real $ to do This. At least 400K. Show me 20 people @ 25K, I'll match. Sure you can come show me.

6/10 10K for Barnes Adds

ALWAYS WANTS TO KNOW WHO ElSE IS FUNDING A PROGRAM. FEELS PEOPLE ARE ALWAYS RELYIN ON HIM TO DO EVERYTHING.

7/16 Chatted 8/12 Chatted 1985 Gave $10,000 to Western Goals

9/23 5K for South Africa * SEE BACK FOR ONLINE * [redacted] 305 351 2917

8/30/85 This woman is Mad! Claimed the liberals had tapped her phone. Bolshevik behind every bush. Claims she has no money. Probably doesn't. Will send small amount if you RED Menace her enough. 6/10 $500 for Ernie Adds. 8/26 $100 for Add. 9/19 Call would not go through 3 times. Try Monday

Identify. ~~[illegible] / Article~~

Since ~~After~~ U.S. Raid on Libya several congressman have attacked the Presidents Action. They WANT to Keep President from doing this again.

These are same congressman that in most cases voted against aid for the Freedom Fighters in Managua.

* Mike Barnes (MD)
* Sen Cranston (Ca)
Dellums (Ca)
~~Bill G~~ Chris Dodd (Ct)
Solarez. (NY)
Mel Levine (Ca)
* Gus Savage (Ill) !
* Wyche Fowler (GA)
[redacted] Garcia (NY)

[redacted]

Trying to humble American Power and hobble the President in his efforts against Terrorism.

214 941 4525

~~1100 WIS 8:15~~

75.00 (NOT PERSONAL)

[redacted]

SHOW BUSINESS
2502 BROADWAY SUITE 2100
NY, NY 20036

DONE

WAITING FOR CALL TO DO 5/20/86
RICH MILLER

[redacted]

STATUS ON APPT.
WIT LYN NOFZIGER
THIS WEEK
AT LYNNS OFFICE

BACK AT 2:30 pm
5/27/86

DONE

[redacted]

SUITE 1100
WASH DC 20005 SEND HIM OUR LATEST
VIDEO TAPE ON CAFP
ALL ADDS 1984 THANK YOU, MR. PRES
ADD AND SDI "~~GOOD MORNING~~
~~AMERICA (GIR~~ MORNING OF
PEACE "BITTER LEGACY"

DONE

SPI BRIEFING BOOK
CALL FRANK GOMEZ
IF WE DON'T HAVE COPY
COPY IT OR HAVE GOMEZ
SEND IT TO US AND
WE SEND IT TO JERRY
CASSIDY

DONE

BLAKEMORE & AFLOUGH
THURS 9.00 AM. HAY
ADAMS ADAMS ROOM

DONE

[redacted]

CHECK STATUS OF APPT
LUNCH

— DONE WAITING FOR CALL

[redacted]

WHEN IS APPT.?
WITH SPITZ AND DA

3pm Mc
11 am Fri: Mc. ?

20K ✓ MEL Sulwerson ? [redacted]

[illegible] 5 now 15 won Next 6 weeks. War struggle within administration, conference, Ollie's idea, Ollie terribly worried, Go to dinner with him. BRIEF REPORT TO RR.

24K. ✓ ~~[illegible]~~ Barbara Newington [redacted]

Green set this up before he disappeared – Green be there

Have 6 left. Getting money for grant for him. PRIVATE. Her have dinner with / very little left since used by Mr Green. Before Thanksgiving

25K Gift Ellen Garwood [redacted]

as this foundation help Green in a variety of ways. Non TAX Deductable statements This was Greens big deal This to be his legacy – Permanent support for covert WAR – Green wants her come have dinner with him

20K ANDERSON – 966 5095

30K O'Neil [redacted]

[illegible] coverage

10K ✓ Barbara Christian [redacted]

5 & 5 Get her tape on World Polo. / When is TAMCO coming

5NW 5th [illegible] Strategic Irregular Warfare – Jack Wheeler

a) NO RECENT MENTION HELP FREEDOM FIGHTERS

b) SOFT PEOPLE IN ADMINISTRATION FIGHTING TO KILL REAGAN DOCTRINE. MORE WORRIED ABOUT PUBLIC OPINION POLLS THAN COMMUNISM.

c) Ascendancy of Shultz

D) About to lose everything we have gained IN LAST 6 years.

Mel 15K

We're going to have the meeting either give the $ to Ollie or pay him to speak — Need you to be one of 5 sponsors
Need you to come see Ollie
Go to dinner with him

You + I both know Ollie willing to sacrifice his life for RR
You know it so does RR
You + I know he is a good patriot who will do anything for RR.
Need to take Mrs A out Fri or Sat for her Vanilla milkshake + Lunch.

Conference

150K Weds, Thurs, Fri.

RR meets w/ us Thurs
give him with Document on Covert WAR. Do By mid Feb 5-6 ppl @ 20K who come to thu

~~[illegible]~~ 7 ppl may attend Conference

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Green will take her to dinner
when she comes need her
career. 15 NOV 15 one Feb

Same for Ellen.
Need Tax deduct statement for
Ellen
25 K.
Ellen. 11:AM Weds.
Use personal $

If Complains — This was
Green's big deal — he's getting
part of This HE WANTS TO
GO OUT TO DINNER W/
YOU. — Go to w/it w/
product ? sponsors
So Important future of
country — Green suggested
we start this — CAN
Use this foundation in
future to help Greene in
variety of ways.

Why a foundation in England?

Barbara Newington 30K

Oneill 30K, he is only
person to get reporter [illegible]

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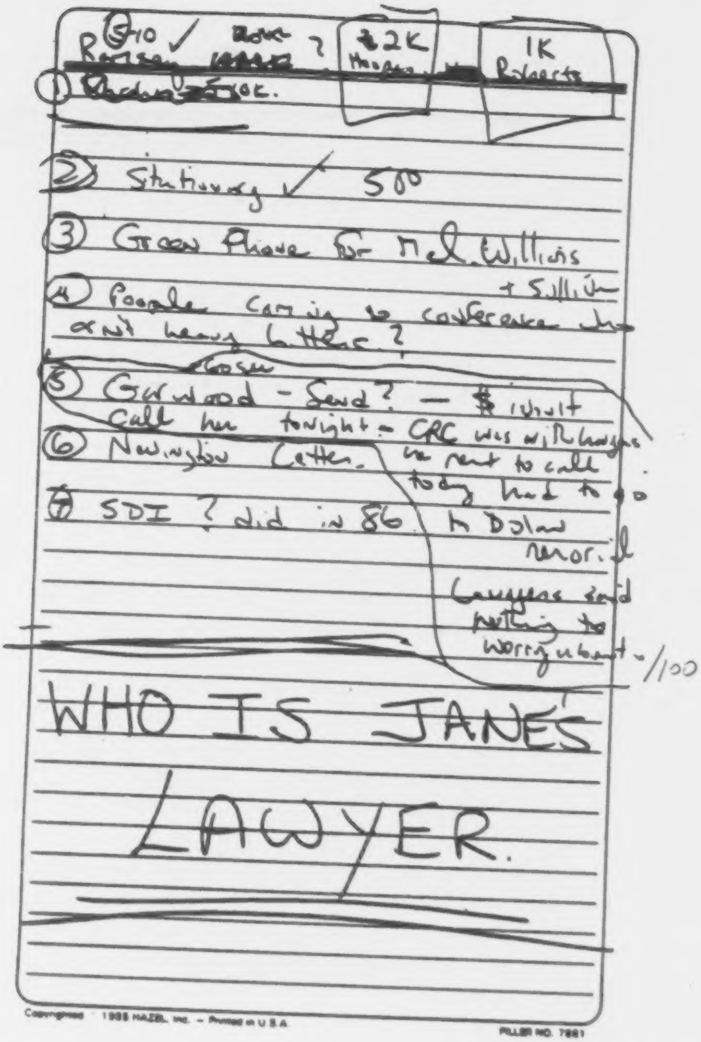
FILLER NO. 7661



⑤10 ✓ Rowe ?
Rowsen [redacted]
$2K Hughes
1K Roberts

① [redacted]10K.

② Stationery ✓ 500

③ Green Phone for Mel. Williams
+ Sullivan

④ People coming to conference who aren't having letters?

Gosse

⑤ Garwood - Send? — $ result
Call her tonight - CRC was with Hughes he went to call today had to go to Dolan memorial
Lawyers said nothing to worry about ~/100

⑥ Newington Letter.

⑦ SDI ? did in 86

WHO IS JANE'S LAWYER.

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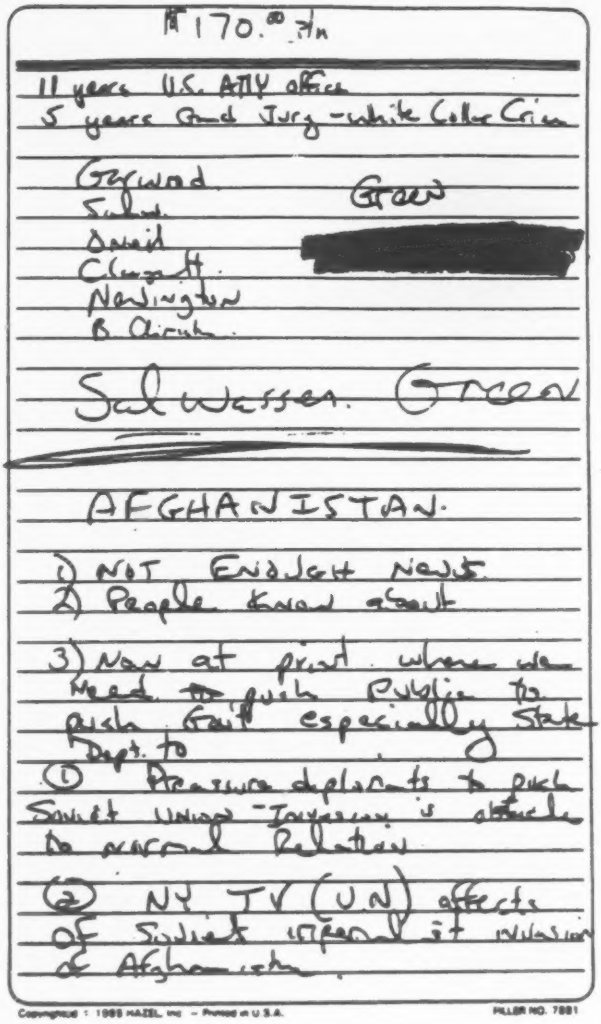
FILLER NO. 7861

Chris Littledale



$170.⁰⁰/hr

11 years U.S. ATTY office
5 years Grand Jury - white Collar Crime

Garwood
Sudal
Daniel
Claggett
Newington
B. Chirch

Green
[redacted]

Sal Wasser. Green

AFGHANISTAN.

1) NOT ENOUGH NEWS.
2) People know about

3) Now at point where we need to push Public to push Gov't especially State Dept. to
① Pressure diplomats to push Soviet Union - Invasion is obstacle to normal Relation
② NY TV (U.N) affects of Soviet [illegible] of invasion of Afghanistan.

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Chris Littledale

Ask Rich —

44,000 Libyans + Iranians IN U.S.

Who was it threatened RR, Heritage, Ollie Singlaub.

DATES

1) Marines in Beirut
2) Marines El Salvador
3) Athens Airport
4) Bomb in Senate
5) Stetham
6) Bomb in plane — 2-3 weeks ago

[redacted] [redacted]

9/14 Supports Contras. VERY concerned w.R TAX DEDUCTABILITY. Tax deductable made [illegible] his ears perk right up. Anti-Com but not bloodthirsty or Rabid. Calm, VERY Calm. Sending 1K on 9/14. Recd 9/18

11/13 Public Diplomacy. Invite 11/21. No want leave Florida. Bring while there come see you. "Sure — Why?" Pitch for 10K for Public Diplomacy. OH No - Too much - Put me down for 2K. Sending VHS of Freedom Fighters. Included tax deductable statement.

[redacted] ATAC [redacted]

9/25 "How can This be tax deductable" "How get my name" "Impressed by White House Invitation" To call back 9/26 by 5 pm. 9/26 Called Jack CANT Make it will send $500.

[redacted] F [redacted]

15K

45 Interested - Knows Ollie, Interested Nic. Chairman of Citizens for America, Bill Murry SEND LETTER

[redacted] Wife - [redacted]

[redacted] Arann. [redacted]

[redacted] 4:00 pm. 10K

11/13 BLOODY Goddamn Liberals - Carter didn't kick Kennedy's ~~Ass~~ HARD Enough. Liberals in Congress and Media will twist your message all around. '93 I gave 5K to your PAC. Should be able to do at least that if its tax deductible. '93 Likes Bush.

1/13 will give Tues or Weds I'd really love a piece of the helicopter I get - I want to get an autograph of Ross helicopter.

FRIENDS OF [redacted]

5/6 - ~~[illegible]~~ NOT NOW TO ATAC

6/13 - Out of town in Mass. for Summer. left msg about Helds for him to Call.

Means Johnston Jr

B.D. 11/19/14 Ed Weil said to Call.

SSN 220 03 0093

~~[illegible]~~

Angelica LLOYD Clagett

019 36 0146

2/6/1918

C.H 46144

"I'm calling about a meeting with the President"

President has agreed to meet with us on this

Want to be able to tell the Pres that these are the people who have made it possible to start the Program.

Need to have 1/3 of the budget by the time the Pres meets with us.

Chris Littledale

[redacted] [redacted]

9/25 Wanted to know how ... ① Tax deductable ② where we got name. Impressed by Invitation to White House. Sending $500 ... Cant make it.

Quality Inn, Lancaster. PA.

[redacted]

5:30 - 6:00 pm

Saturday 395 3345
Green,

Plane to Harrisburg
Airport. Then CAB
to Hotel (Centerville Rd)

Holiday INN, Battle Creek.
616 979 1100

Brent 561 41 3850
1/13/60

— Holiday INN, Lancaster
717 393 0771
27th

~~[illegible]~~
393 0771

Ric: 567 12 9131
2/6/23.

Ask him to come.
If he's interested we'd
like him to help with

[redacted]

[redacted]

9/14. Supports Contras. VERY Concerned with TAX DEDUCTABLE. TAX DEDUCTABLE Made his ears Perk Right up. Anti-Com but not bloodthirsty or rabid. CALM - more than I am. Sending 1K 9/14. Rcvd also. Thanked 9/17. See Contrib book for further Communications. Out on Vacation N/A

5/6/86

INFORM DAN

ADAM GOODMAN SAID CONSTITUTION BUDGET WILL RESENT AND HE WOULD LIKE TO MEET WITH DAN AND SPITZ REGARDING SDI PROJECT

- DEUTSCHE ÜBERSETZUNG

ASK ROGER ABOUT PRINTING OUT U.S. DEFENSE COMMITTEE CONTRIBUTOR LIST

CALLED
WAITING
CALL BACK
✓ ✓ ✓

See Dan

[redacted]

TALK TO DAN
THEN CALL BACK

To: Spitz or Dan
Date 15-6-86 Time 10:12

WHILE YOU WERE OUT

M [redacted]
of
Phone
Area Code Number Extension

TELEPHONED	☐	PLEASE CALL	☐
CALLED TO SEE YOU	☐	WILL CALL AGAIN	☒
WANTS TO SEE YOU	☐	URGENT	☐

RETURNED YOUR CALL ☐

Message followup on letter he sent last week

ANN
Operator

AMPAD EFFICIENCY® 23-030

2/28/86

FOF

Rick Ahern - Advance Man - Rich will hire

Dan - Roger report to Angela about work

→ Angela: Letter from President

Human Events - Get copies

Bitter Lega.

IBC - Contact for FOF - - Steve Schwartz

Invite List SS# + DOB

Ten fundamental ministers
Beck guests
Select 500
FEC
Ralph Wilson - CALL

~~Debbie Messick~~
- Frank - Falwell - ask who he wants
Senatorial Trust List

Invites issue
ONE MONTH
ahead

Ralph - Our Fdn. - starting seminars on topics - talk to fellas.
Seminar on Terrorism -
Asked VP to speak on it - CIA - Pos.

T.V. help alert and
mobilize Volunteers for the
Grass Roots organizers.

O'Neil w/ Zschau } Grass roots
Perkins w/ Fish }

Major Focus is to ~~[illegible]~~ get
prominent local leaders
to Besiege congressman.

Grass roots organizations to contact EES
~~Contact~~ High dollar contributors
to contact their congressman

46442

List of 1500 Groups helping
Sandinistas - 3 or CIA Agents
24K

Call Rich List of
1500 must be at Plaza
of American Tuesday.

Barbara N	70	Pucci	10
Christine	30	Ellen	20 → (215)
Binker	50	King	25
Salw.	25	Warth	50
Ramsey	10	Haley	10K

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FILLER NO. 7881

-	TX	
-	NC	
-	SC	
2	NY	1 Dem Vote
4	CA	1 Dem Vote
-	Fl	
-	Al	
-	La.	
—	TN	
2.	IL	

6:30 Sully. Farm Table Restaurant.
Northern Ridge Route on Hwy 5
Base of mountain. Grape Vine
on left

1) Call and Beat Mel Silly
2) ONeil – ~~Where stay?~~
3) Call Salvatori
4) Call Libby Dan Kirkwall –
Get list of Congressmen on
Select Committee – who are
liberals.
5) Garwood 9,100 Sentinel – ADD
6:00 PM.
6) RAMSEY 9,100 sentinel – ADD
6:00
7) Anderson 7,100 Sentinel ADD

CRC didn't understand – [illegible]
you were doing something new –
MIRAMAR Sheraton.
Annie getting CAR.
CASH.

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FILLER NO. 7861

THINGS TO DO

Ask Ramsey 817 322 8635
to come to Dallas to talk with
us + go to dinner.

Caroline Shadekoff. 214 880 0014

W. H. "Bill" Bricker 745 2000
Constit + Energy [illegible] Nic
Steve Browning 369 6011
Constit of Gov ER 869 6011

SEE Herbert Dow + Wife
RE: Constitution Project – Illinois
or Indiana – Dow Chemical

*CRC to call Salvatori in
A.M.

*Print "confidential" Cand [illegible]
tomorrow

*Print Luttwak proposal

*Rich to get us more
[illegible] from That Box

*Call Salwassen

*Call ONiell

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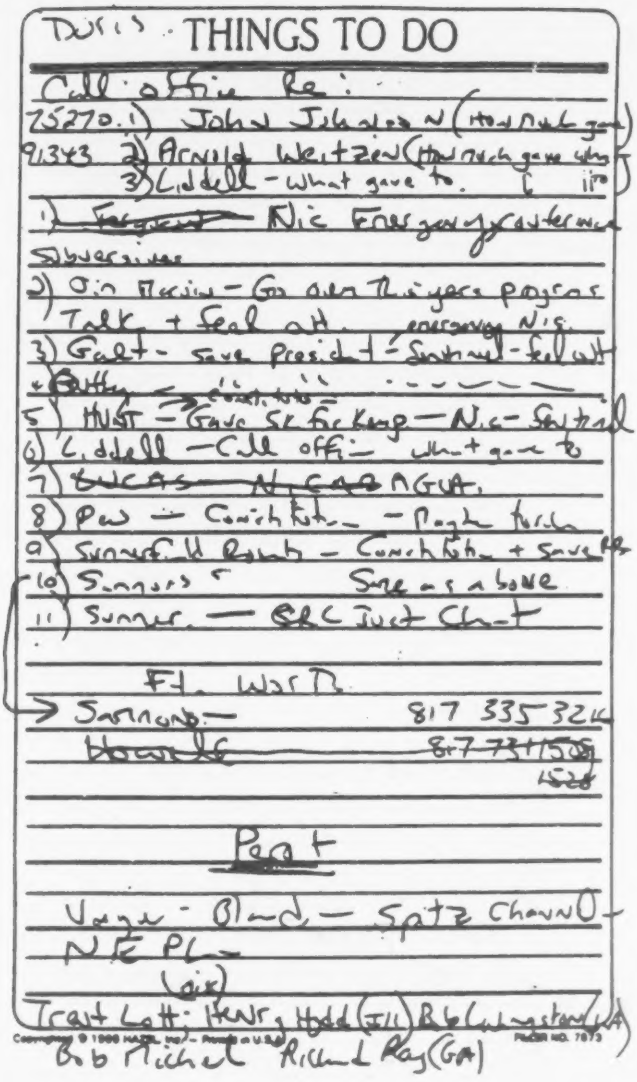
FILLER NO. 7873



Davis · THINGS TO DO

Call office Re:

75270. 1) John Johnston (How much gave)

91343 2) Arnold Weitzen (How much gave who)

3) Liddell - What gave to. " "

1) ~~Fergusen~~ Nic Emergency conference

Subversives

2) Jim [illegible] — Go over [illegible] years program
Talk + feel out. [illegible] Nic.

3) Galt - save President - Sentinel - feel out

4) ~~Buttry~~ → [illegible] " " — — — —

5) HUNT — Gave 5K for Kemp — Nic — Sentinel

6) Liddell — Call office — what gave to

7) ~~LUCAS — NICARA~~GUA.

8) Pew — Contribution — [illegible]

9) Summerfield Roberts — Contribution + save Pres

10) Simmons — Same as above

11) Sumner — [illegible] Just Chat

Ft. Worth

→ Simmons — 817 335 3244

~~Howell~~ ~~817 731 1500~~ 1520

Peat

Vaughn - Bland - Spitz Channell -
NEPL
(pix)

Trent Lott: Henry Hyde (Ill) Bob Livingston (LA)
Bob Michel Richard Ray (GA)

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46439

> Free (unchain) the CIA to do its work: clean Covert Action — Angola, Mozambique, Nicaragua, Afghanista

> Support strong defense Budget (like support for Israel) to strengthen Anti terrorism (Stronger Embassies)

> Support RR on Nicaragua — Shut down Arafat + Khadaffi bases there.

* > End WAR POWERS ACT (Frank Church wrote) that hobble Presidents ability to Act against terrorist bases Lybia, Iran, Syria, Nicaragua.

W. Post

✓ A-15 [illegible] y Bravo Editorial

✓ A-7 Shultz.

A 0081855

Circled Sunday. Outlook — Garwood — Newingto

✓ ① DAN — call David Fischer — Get date so we can start calling — When is he coming to D.C.

Thurs pm. Brochures Done — By Fri b.

Stumbling Block in Pres Way

Must Support Pres.

Need united Nation.

We Need help to defeat Res.

I want to speak to you about a project you've Never had mentioned to you before.

[redacted] [redacted]

[redacted]

[redacted] 8249 Calero Christmas

12/17 23 years old. Just started own construction business. Concerned about commies in Nicaragua. Doesn't seem bloody - Asked "This is for humanitarian purposes?" Promised to send something. Wife's name Tracy.

[redacted] [redacted]

9/26 NO to 9/15 Briefing
Yes to 4/16 Briefing 1K.
4/25 1K Nepl - 1K ATAC. Also is calling Peter Rosenblatt so I can ask him for
6/16 1K for Barnes adds.
8/26 1K [illegible] /Corvus adds
10/27 1K for ACT
10/30 3K for ACT.
12/12 1K for Green.
1/5/87 - Wish I could volunteer check - but can't.

How get more?
Wife?

How come tax deduct?

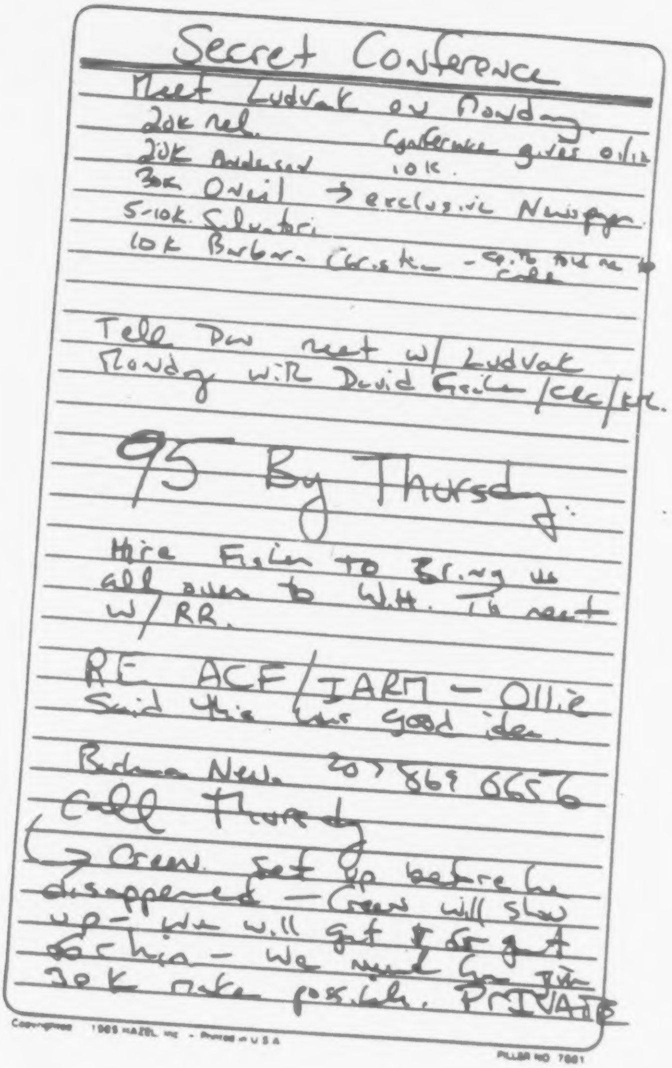
Purpose of the meeting is to help facilitate an delivery system for the 27 mill in aid just passed by Congress

---

I'm calling to ask

RNC 2K, 100, 1K, 120

Citz for Republic 1K,



Secret Conference

Meet Ludvak on Monday.

20k rel. Conference gives 01/12

20K Anderson 10K.

30K Oneil → exclusive Newspaper.

5-10K. Salvatori

10K Barbara Christie - [illegible] cash

Tell Dan meet w/ Ludvak Monday with David Geiler/etc/etc.

95 By Thursday.

Hire Fielin to Bring us all over to W.H. to meet w/ RR.

RE ACF/IARM - Ollie Said this was good idea.

Barbara Newh 207 869 6656

Call Thursday

→ Green set up before he disappeared - Green will show up - We will get $ for getting him - We need for the 30K make possible. PRIVATE

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FILLER NO 7881

UNCLASSIFIED

TOP SECRET CODEWORD

Stenographic Transcript of

HEARINGS

HSITS 161 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN WILLIAM McDONALD

Friday, August 14, 1987

4157

UNCLASSIFIED

Partially Declassified/Released on 6 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Washington, D.C.

UNCLASSIFIED SECRET UNCLASSIFIED

x

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WASHINGTON, D.C. 20001

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UNCLASSIFIED

DEPOSITION OF JOHN WILLIAM McDONALD

Friday, August 14, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of JOHN WILLIAM McDONALD, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 1:38 p.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified/Released on 6 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

JOHN SAXON, ESQ.

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

ROBERT GENZMAN, ESQ.

ROGER KREUZER

On behalf of the Department of the Army:

COLONEL JOHN WALLACE

CONTENTS

	EXAMINATION ON BEHALF OF	
WITNESS	SENATE	HOUSE
John William McDonald		
By Mr. Saxon		

EXHIBITS

McDONALD EXHIBIT NUMBER	FOR IDENTIFICATION
1	47

PROCEEDINGS

Whereupon,

JOHN WILLIAM McDONALD,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SAXON:

Q Sir, would you state your name for the record?

A John William McDonald.

Q And what is your occupation?

A I'm a Colonel in the United States Army.

Q And can you tell us what your present assignment is?

A I'm an instructor at the National War College.

Q And when did you commence that assignment?

A I started that assignment on the fifth of June of this year.

Q And prior to that what were you doing?

A The year before this I was a student at the National War College, and prior to that I was Chief of [redacted]

Q And how long were you chief [redacted]

A I was chief [redacted] from September 4, 1984, until the first of July, 1986.

Q [redacted]

A [redacted]

Q If you would, Colonel, tell us in your words at whatever length you want to go into the forces that led to the creation of [redacted] system. Describe, if you would, the background, the considerations, the dynamics and a bit of the chronology of how that all came to be.

A Okay. [redacted]

Q And who was Chief of Staff at that time?

A General Wickham at the time, had just assumed the position of Chief after being the Vice Chief for a year. During that time there were a series of incidents involving [redacted] of which much has been made in the press -- YELLOW FRUIT and the whole gamut of activities surrounding gaining better control [redacted]

General Wickham at the time, in his role as Vice Chief had seen that the Army had more black programs than he had seen before, and based on the fact that each program was compartmented there appeared to be no one centrally in control of the whole operation.

UNCLASSIFIED

Consequently, [redacted] directed the Vice Chief of Staff to establish what he called an architecture for controlling management of Army black programs.

Subsequently that was given to the Army Director of Management, and the Army staff spent about eight or nine months studying the problem, looking at different solutions, and finally, in the summer of 1984, came up with a recommendation that an office be created for central management within the Office of the Chief of Staff of the Army.

That office subsequently became known as [redacted]

Q Prior to [redacted] if you could briefly tell us how requests for transfers to the CIA came about. We understand that all of the Army's support to agencies is not confined to the CIA, but for our purposes that's what we're primarily interested in.

A Prior to the time [redacted] the Army [redacted] office, that is, the office that dealt directly with requests from the CIA, was located [redacted]

UNCLASSIFIED

They had created an organization that was black in nature. That is, the people were not officially on the Army records, their records were managed off-line, and they had a streamlined reporting system [redacted] to the Vice Chief of Staff of the Army for approval of very sensitive requests coming out of the CIA.

Basically that office was headed by an Army O-6 [redacted]

Basically that's how the system worked. The approval system went up on varying degrees [redacted]

[redacted]

Q All right. If you would, take a few minutes to tell us how the system works now from the point of entry with a request -- where it goes, how it works its way through the system to ultimate approval.

[redacted]

[redacted]

Q What's the degree of specificity for the request? Does it include stock number, nomenclature, price, et cetera?

A Normally the agency does not have a price. In some cases they'll have what's called the AMDF, which is a microfiched copy of Army prices lists for parts, and in some cases end items.

Q And that's the Army Master Data File?

A That's correct. In all cases, the CIA does not have a current copy of that. These are primarily for estimates of what it's going to cost them. They rely upon the Army to provide them exact pricing data at a subsequent date to the request. Once the request comes to the Army, we ascertain that all of the data is there.

[redacted] goes to the Vice Chief of Staff of the Army [redacted] That is, we have looked at it from a legal, fiscal and operational respect. We've matched them against the criteria for approval of such requests, and we make a recommendation to the Vice Chief whether or not the Army ought to even consider the request before we go into formal staffing of the request.

[redacted]

Q Do any of the requests ever get killed at that early stage on a concept basis?

A Yes, they do. At the concept basis there are requests. [redacted] And there are other cases as well. If supply of an item or parts would impact upon the readiness of the Army, we may turn it down at the concept stage. Normally, however, that's determined through the formal staffing process in coordination with the DCS/LOG and the Army Materiel Command.

Then, once the request has been distributed for formal action by the Army staff, the action is developed. The action officers keep in contact with [redacted] to ensure that there have been no changes and that they are proceeding down the right line.

[redacted]

Q At what point is there a readiness assessment made in this process?

A The readiness assessment is made at essentially two different points. The action office that has the formal action [redacted] makes an impact assessment based upon their view of parts or end item status within the Army. That's reviewed by [redacted] the chain of command, who makes his own independent assessment.

[redacted]

PAGE 12

DENIED IN

TOTAL

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[redacted]

Q We'll come to the specifics of what happened chronologically with SNOWBALL and CROCUS in a few minutes, but I'm asking for opinion here, so I want to really denominate it as such. But, in your opinion, is there any reason why SNOWBALL and CROCUS could not have been processed quickly and appropriately through the formal [redacted] system?

A Both requests could have been processed quickly and efficiently through the formal system, acknowledging that there would have been a greater degree of risk of disclosure because of the larger numbers of people involved in the staffing process. However, those numbers are still relatively small. You are talking in the neighborhood of [redacted] people total who would have knowledge.

Q And these are people who are the Secretary of the Army, the Vice Chief of Staff, the Judge Advocate General, the General Counsel?

A That's right. These are principal senior people in the Army structure.

Q All proper clearance, all handle sensitive things as a matter of course?

A That's correct.

Q Has the record against leaks [redacted] been good?

A Very good.

Q Let me ask the question that we have been asked and that we should examine appropriately as we prepare to write a report. What difference would it have made with SNOWBALL and CROCUS -- either together or answer separately -- if we had gone through the formal [redacted] process [redacted] Would it have made any difference?

A The [redacted] process is built upon a number of principals being involved in order to provide appropriate checks and balances. Where one senior official may feel it's appropriate, another may not. The system is built upon balance between the military side of the house and the Secretariat side of the house in order to ensure that no one oversteps the bounds of propriety or authority.

[redacted] the conclusion, based upon the fact [redacted] told, that the action had been approved by the President, may well have been the same. However, there probably would have been a more serious challenge as we executed that particular action.

Q On what basis?

A The fact [redacted] did not know the destination was a crucial indicator [redacted] concern was two different things. One was inadvertent provision of supplies to the contras in violation of the Boland Amendment. The second issue was inadvertent supply to countries that were on the terrorist list and therefore precluded from receiving U.S. arms.

Q Let me follow on this line of questioning in terms of the difference. It seems that part of what you're saying is there may not have been a substantive difference in terms of the decision, but that you didn't use this word, and I don't mean to testify for you, and so tell me if it's not a word you would use, but you seemed to be saying people would have felt more comfortable about the decision if they had known it was a fully-informed decision in terms of going through this process?

A That's correct. [redacted]

Q Have there been instances in the past where [redacted] said we will not or the recommendation of [redacted] and, therefore, of the Secretary of the Army have been that we would not provide a particular item?

A [redacted]

Q Okay. Your answer is appropriate based upon what my question was, but my question was really sort of destination immaterial. Have there been instances in the past when, based on the evaluation [redacted] recommendation to the Army leadership and subsequently their recommendation to the Agency was [redacted] do not want to provide the requested material?

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A In terms of logistics and supply, no. In terms of operations, yes.

Q What happens then, in a general sense?

A At that point the Agency has the prerogative [redacted]

Q Have there been instances in the past prior to or other than SNOWBALL and CROCUS where this process has served to in essence kill requests that have come from the Agency?

A Yes.

Q [redacted]

A

Q So in previous instances it would be where the Secretary of the Army says that the recommendation -- response would be negative and the Agency has accepted that?

A That's right.

Q Have there been instances, then, when that argument has been put forward to the Agency and then they have gone through the process of appeal [redacted]

[redacted]

A No.

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Q [redacted]

A To the best of my knowledge there have been no cases of that. In essence we have pretty much gotten our way. We are more than willing to support the Agency, but within the bounds of understanding what we're doing in providing that support. Consequently, the Agency has not chosen to try to override an Army decision in the past.

They had expressed at the time concern with our process, and we were in a bureaucratic argument at the time just preceding this era where, because of compartmentation, sometimes even the logisticians in the Agency don't know where things are going because the operational people won't tell them. So, consequently, to fulfill an Army request the logistician will have to go through the operator and get the answer in order to come back to us.

And there were problems with that within the Agency itself which sometimes caused consternation. These two instances on our part, and part of our anxiety about the two, were the fact that they appeared to go around the system in order to preclude [redacted] from challenging a request that would come through. Our concern primarily was that they would become a precedent for future actions.

Q Don't misunderstand this next question because I'm not accusing you of being unobjective, but you have, and understandably reflect, an Army perspective. In your opinion, has the CIA ever been disadvantaged from an intelligence or operational standpoint or, for that matter, has the government been disadvantaged because the Army bureaucracy had to work its way?

A One incident only that I can think of [redacted]

[redacted] Is the system a good one? Does it work?

A I think the system is a good one. I believe it works. I acknowledge the fact that sometimes the requests take longer to fulfill than the Agency would like. Sometimes that's not always bad.

Q [redacted] were there any requests for support to the Agency other than SNOWBALL and CROCUS which bypassed the [redacted] system?

A None that I know of.

Q In your opinion, did SNOWBALL and CROCUS bypass the [redacted] system?

A On a theoretical basis you could say that the [redacted] system was used [redacted] but at the same time it went outside the [redacted] system as well because [redacted] checks and balances was bypassed.

Q Now, we have had testimony from two particular individuals who have told us that the purpose of the [redacted] system is simply to guarantee that the leadership of the Department and, in this case, the Department of Defense know that a particular action is being worked.

Would you share that opinion as to the purpose of [redacted]

A Well, our responsibilities clearly go beyond that. In the support plan for the Agency as well as the

DOD documents there is clearly a responsibility to assess propriety of the request in view of the Department of Defense providing whatever is requested. There is a responsibility to judge the legality of the request. There is a responsibility to determine whether or not provision of support as requested might create an embarrassment to the Department of Defense or the Army or the country.

There is clearly a responsibility to judge the nature of the request and whether it's contrary to the interests of the services and the Department of Defense to provide such support, and I think on that basis it's more than merely an accounting tool, as you seemed to imply from the comment.

Q Okay. I'm just conveying the opinion of other people. I think that's probably all that I've got right now on the functioning and operation of [redacted] but let me ask you to jump to what may be the end -- it seems to flow here -- and ask you if you have any thoughts that the Committee should entertain in terms of recommendations which we might make in our report about ways this whole system could be improved, and by whole system here I mean something larger than simply [redacted] [redacted] system, but the manner in which the Pentagon conducts covert operations or provides assistance to the Agency for the conduct of intelligence or operations.

Do you have any thoughts as to what we should recommend?

A One of the things [redacted] from late '84/early '85-on was the responsibility to notify the Congress in accordance with the Intelligence Act of significant intelligence activities, and clearly what those meant in 1984 [redacted] the definition of "significant intelligence activity" and responsibility for reporting that changed somewhat from the 1985 Intelligence Act, when dollar amounts were created that clearly defined [redacted] responsibility [redacted] for reporting levels of support.

An issue that the Army has had -- and I believe still supports that [redacted] is that in reporting to the Committees, both the HPSCI and the SSCI, whichever service provides support at the time of notification of that support should have its own equities protected in the provision of that support by being present at the notification.

In other words, if we provide a significant level of support and the CIA comes over to notify the SSCI or the HPSCI of that support, that the Army representative or representatives should accompany for notification in order to say here's what we're providing and answer questions, yes or no, there is an impact. We feel that that's the best way to ensure that everybody is properly notified.

Q What good would that serve? What real purpose would -- what do the intelligence committees get from that process that they wouldn't get from the Agency being there alone?

A It's my view that the Committees were not always fully notified of the extent of support or service participation in certain activities. One committee at one time was told that [redacted] It was our view -- and the Committee subsequently found out about it and queried us, at which point we told them exactly what was happening and caused some friction between the Army and the Agency as well as between the Agency and the Committee.

Q Any other recommendations you can think of? Should we institutionalize [redacted] the [redacted] system with legislation or should we replicate that model in the other services?

A Each service and the DOD is significantly different and the personality of the control activities would vary by service. It's my view that if legislation were produced it should set a standard and require the services and DOD to adhere to the standard as opposed to describing how the function should work.

Q Do you think the services are sufficiently similar that the same model could work for all three?

A I'm less familiar with the Navy system than I probably ought to be to speak to that, and I believe the Air Force has a relatively responsive system, although it's not exactly like ours.

Q What about the issue of Congressional notification? Do you think that there are operations or intelligence activities of a covert nature which have sufficient sensitivities to them that we could ever justify not notifying Congress at all?

A My belief is that the current procedures for notifying the senior members of each Committee in very sensitive matters, as opposed to the entire Committee or the staff, are adequate for even the most sensitive of operations.

Q What about the issue which we've heard discussed of late to have a single Intelligence Committee, reduced in number as to both members and staff from the two Committees which exist now?

A I'm not really competent to talk on that.

Q It's rare when someone says those words.

Before we go back to go through the chronology, let me simply ask Bob and Roger if on these general subjects they've got anything to ask.

MR. KREUZER: Not a thing.

MR. GENZMAN: No, thanks.

BY MR. SAXON: (Resuming)

Q Anything else we ought to talk about of a generic nature?

A I don't think so.

Q All right. Let's go back, then, and just have you walk us through, at whatever level of detail you want, SNOWBALL and CROCUS -- when you first found out about SNOWBALL, how, who said what, what you did, what happened next, et cetera?

A The first issue involving transfer of the TOWs [redacted] General Thurman issued instructions [redacted] to be prepared to ship up to 1,000 basic TOW missiles -- and he used the word "vanilla

TOW". [redacted] to mean basic TOW -- for transfer to an unknown party through the CIA, [redacted] on six to 12-hour standby [redacted]

Q [redacted]

A [redacted] And by the end of the weekend General Thurman wanted it set up. At that time he was departing to go TDY; the Chief was returning from South America, I believe, that afternoon.

[redacted] General Thurman [redacted] did clarify that the action had been approved by the President and that he had received notification through the Military Exec to the Secretary of Defense.

[redacted]

[redacted]

Q Is it your understanding that General Colin Powell, who at the time was the Military Assistant to the Secretary, who made General Thurman aware of this requirement, is it your understanding General Powell went to General Thurman because General Thurman, as the Vice, sat at the top of the [redacted] process, or did he go to him because the Chief of Staff was out of town that weekend?

A It's my view he went to General Thurman as the Acting Chief.

Q When you indicated that you did not know the destination, prior to these matters becoming public did you ever know that these were going to Iran?

A No.

Q Would you tell us what your reaction would have been had in January of '86 you been told these missiles were going to Iran?

A I would have told General Thurman at the time that I would believe that the action was illegal and that Iran was clearly identified as one of the nations on the terrorist list for whom we could not transfer weapons, and that we would have to reconsider that and go back through the Secretary of Defense with a legal opinion before we would provide the material.

Q All right. What happened next?

A General Register [redacted] called in Major Simpson, who was the DCS/LOG action officer on most of the sensitive transfers [redacted] He instructed Major Simpson on what he wanted done and the fact that it had to be done by aircraft if he could not do it over secure telephone.

Major Simpson understood all that. [redacted] called Davison Army Air Field and lined up a C-12 in case he needed to use it. We also discussed the fact that in order to cover the transfer we would probably use a commercial bill of lading as opposed to a government bill of lading to transfer the items by ground to the departure airfield, wherever that would be, and we didn't know where that would be at the time.

General Register at that time told us to take care of it. We left. Simpson knew what he had to do. He went to his office and I went to my office and made an MFR, [redacted]

I guess it was probably about 1600, somewhere in that area, Simpson came down, said basically things were on track. He had contacted the TOW PM. They would get the stuff together. They would arrange the transportation and ensure we were appropriately covered and they would keep me informed.

Sunday afternoon early he called me, told me everything was lined up and in place, and [redacted] ready to execute on order.

[redacted] got no order to go for quite a time after that. So on Tuesday everything was still ready to go. [redacted] The Chief had been informed on Saturday afternoon by the Vice on his way out of town as part of the debrief, and it just became a wait-and-see action.

Q As you are waiting and seeing, what happened next?

A I guess it was about the 14th of February [redacted] got the order to transfer the first shipment. As I remember, it was only 500 and not the initial 1,000, but I could be wrong on that.

Q The first shipment was 1,000.

A [redacted] transferred those. The Chief and the Vice were informed [redacted] were on order to provide up to 3,000 more, although I understand that number is really 3,508 or 3,509. [redacted] concerned upon the execute order, [redacted] didn't know where they were going, that they exceeded the Congressional threshold of $1 million, that whoever was going to notify the

Congressional committees of the transfer in excess of $1 million needed to proceed with that.

Again, this had been a contentious issue in the past. We in the Army felt that we should do that. The DOD position was that that was the responsibility of the recipient and so consequently I wrote a memo to, I believe, General Brown claiming that I thought we had a problem there, that we needed to confirm that that was still the understanding of the DOD and that whoever was going to do it took care of it.

And our concern was you can't ship 1,000 missiles somewhere and not expect them to show up, and when they showed up we needed to make sure that everybody was above-board and understood it wasn't something we going to keep covert for very long if you plan to use 1,000 TOW missiles.

Based on the sensitivity, General Brown recommended I go up and talk to General Powell. I did, and again he reiterated the DOD policy is the responsibility of the recipient and that the Army did not have responsibility to do that.

Q Did General Powell indicate to you in any way that the responsible party, and in this case it would have been the Agency, was going to notify the Congress, or was it simply we hear what you're saying and it's their responsibility?

A The latter. We hear what you're saying. It's not our responsibility.

Q As far as you know, did anyone make further inquiry of General Powell or anyone else through subsequent shipments as to whether the Congress had ever been notified?

A General Russo was concerned and later wrote a memo and discussed it with General Powell, and I understand -- I did not know it at the time -- General Powell sent that memo over to the NSC saying we had some concerns that proper notification be made and that he was reiterating the policy that it wasn't our responsibility but that the Agency, as recipient, needed to do that.

Q For the record, General Russo's memo was prepared and he verbally briefed General Powell on it. The memo you've got reference to is one that General Brown prepared and sent to General Powell, who then put a cover on and sent it to Admiral Poindexter?

A That's right.

Q What happens next in the chronology?

A At I guess this is about mid-April now, General Russo called me down to his office and told me that he had been directed by the Chief to get together with the Agency on a list of HAWK repair parts and that he had directed Simpson to take the action, that again on a close-hold basis, without knowing the destination we would be prepared to fulfill this list of parts.

Q Did you understand that to be a follow-on to the previous requirement?

A No. As a matter of fact, we looked at it as a separate action and did not see them as two linked actions.

Q In your mind did they involve the same customer, whoever that was?

A No. We had some questions about that. Again, as you have probably seen in my notes on the TOWs, we didn't quite know where they were going, but at the time there were tensions between Libya and Egypt, and we were of the opinion that perhaps we were covertly transferring 1,000 TOW missiles to Egypt in preparation for some kind of operation.

Again, when you are transferring that quantity you have to look at who has the systems, and in the HAWK case, Jordan in the Middle East was the one who had HAWK systems, and Iran certainly didn't cross our mind. That's kind of not even in the ball game.

Q Before we fully leave TOWs, I take it that you had no involvement with any of the pricing problems that arose over the TOWs.

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BY MR. SAXON: (Resuming)

Q Returning to the requirement in April on HAWKs, what happened of note that you recall?

A General Russo informed me that we had the requirement. [redacted] General Russo at the time, even though we didn't have the AMDF out and hadn't assessed it, was absolutely certain it was going to exceed the $1 million threshold for transfer, and again he expressed his concern at the second incident in six months or in a couple of months of bypassing the formal system in order to expedite and keep knowledgeability to an extraordinarily few people, which then precluded [redacted] formal review.

He had some problems with that, expressed those to General Brown. He and I, General Brown, talked about it. [redacted]

[redacted]

MR. KREUZER: In other words, there were requests coming in that were deemed [redacted] to be inappropriate and they were turned down?

THE WITNESS: [redacted]

And in large part it was our view it was the CIA's own bureaucratic system that required such speed, [redacted] And it was our view if they planned ahead like the rest of us, in most cases they could do it reasonably well, and there they had a true emergency we had a system to deal with that and could do it effectively.

MR. KREUZER: We call and you haul.

BY MR. SAXON: (Resuming)

Q Did any of what some of us now view as the readiness problems with the HAWKs, did any of that ever surface to you?

A It sure did. Major Simpson briefed me [redacted]

[redacted] I remember telling him, you know, if that's the case, you've got to make sure the Vice and the Chief know before they approve this thing [redacted]

Q Do you remember any of the specifics about what the impact was or what any of the items were or how many?

A No. [redacted]

Q Do you remember any discussion about a particular [redacted] [redacted] in the radar of the HAWK system?

A I sure don't.

Q Do you remember discussing -- even if you don't remember now what the specific part is, do you remember discussing specific parts, or was it simply X number of items [redacted]?

A It was primarily X number of items [redacted] [redacted] Then, at a later date, we got a request for end items, in effect the radars as major units, and then again it hit us as really strange, and we were a little uncertain how to deal with that.

Q To your knowledge did Major Simpson ever raise with the Chief or the Vice this readiness issue?

A I'm not sure. I believe General Russo discussed it at least with General Brown, that it would cause problems, and I don't know where it went from there.

Q Did Major Simpson ever tell you of any discussions he had with the Agency on this issue?

A No.

Q Whether he had been overruled?

A No.

[redacted]

Q Were you around when what we call the follow-on request for HAWK parts came around?

A No. I left on -- I think my official

departure date was 3 July of '86.

Q But the radar issue had been addressed prior to your leaving?

A The initial investigation of the availability of the radars had become a topic of discussion, although a formal request had not yet been placed with the Army.

Q Were you aware that it was determined that we did in fact have the two radars requested, but they were part of the Iranian frozen assets?

A Yes.

Q Did that ring a bell with anybody as to what the destination might have been for these HAWK parts?

A If it raised anything at all, it was in a mode of levity -- screw the Iranians; we'll take the radars and ship them someplace where we can use them.

Q And in terms of a chronological walk-through these two matters, does that end your involvement?

A That is my involvement, until the FBI called me in January.

Q Were you interviewed by the Department of the Army Inspector General?

A Yes, I was.

Q I think that's probably all I've got. Let me look through some notes and see if Bob's got anything.

MR. GENZMAN: I have nothing at this point.

BY MR. SAXON: (Resuming)

Q Before we let you go, then, let me take a quick look.

(A discussion was held off the record.)

MR. SAXON: Let's go back on the record.

BY MR. SAXON: (Resuming)

Q Colonel, I want to cover a couple of things in a little more detail that we touched on before. The first has to do with Iran being on the terrorist list. Now you made that statement earlier and said for which reason you thought these transfers might have been illegal. Tell us a little more in detail what you meant by being on the list of terrorist nations and whether that was a fact that was widely known and accepted within the Pentagon.

A There is -- Congress had directed in a law, and I can't cite the law exactly -- I believe it's the Arms Export Control Act -- that U.S. arms not be transferred either directly or through third parties to any nation involved in terrorist activities. Iran is currently on the list. It states that it is involved in terrorist activities and cannot be a recipient of U.S. military arms, either directly or through third parties.

Consequently -- and that, to my knowledge, is common knowledge of the people who dealt in this business.

Q All right. On a separate subject, we've talked about whether other transfers to the Agency had bypassed [redacted] while we were just off the record we discovered that in a technical sense there is a transfer that did go through [redacted] maybe as a pro forma action after the Army was presented with a fait accompli [redacted] So what I'd like to do is have you talk about that for a minute and simply offer as Exhibit 1 what we call the Vuono memo and give you a moment to look at that.

(The document referred to was marked McDonald Exhibit Number 1 for identification.)

I believe you told us that this is an action memorandum which, while it bears General Vuono's signature, you authored; is that correct?

A That's correct.

Q Now, this is the declassified version, and you can see that there are certain words redacted by the White House, and I think in just about every case they are the words [redacted] system", and I'll give you a minute to refresh yourself on that.

(Pause.)

A Okay.

Q That went from General Vuono on 18 April 86 to the Director of the Joint Staff. Now I assume he would be writing the Director of the Joint Staff because [redacted] requests come to the Army from [redacted] is that correct?

A From [redacted] as well as General Vuono, as the Deputy Chief of Staff for Operations and Plans of the Army, is a member of the Ops Deps, which are all of the service Deputy Chiefs of Staff for operations and plans, who meet with the Director and initial on just below the Chiefs to resolve issues.

And so General Vuono sent it to the Director of the Joint Staff as the head of the body called the Ops Deps.

Q And we should note for the record that within the last month to six weeks General Vuono has become the new Chief of Staff of the Army; is that correct?

A That's correct.

Q All right. Colonel McDonald, tell us, if you would, what generated or drove the creation of the Vuono memo.

A Okay. In the background of having provided the TOWs on a streamlined basis, and I believe at this time [redacted] also had the first request for HAWK parts to consider, the issue of [redacted] came up. [redacted]

[redacted] had recommended against providing [redacted]

Q Was that a unanimous recommendation?

A I have no idea. [redacted]

At a subsequent date Mr. Ikle came back to the Joint Chiefs and stated that we in fact were going to provide them. I believe the Chief at the time felt that he had the opportunity to rebut that; however, he left town and we got the order to execute while he was gone. When he came back, it was one of the things I debriefed him on, and he was, to say the least, unhappy.

Q So in General Wickham's absence the hard copy request from the Agency [redacted] to the Army came i[redacted]

[redacted]

A That's correct. And we staffed that request through the formal system. However, in General Wickham's absence we were unaware that he expected to have an opportunity to veto that. It was our impression that the [redacted] with the Secretary of Defense's approval, had directed execution of that, that our staffing was merely to determine propriety and legality, which we did through the formal system, and on that basis [redacted] recommended to the Secretary of the Army, who subsequently approved the execution of that particular transfer.

[redacted]

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Q Now, in light of the Committee's interest in whether the [redacted] system was followed on the Iran arms initiative and whether it works, you've simply described for us a case in which we followed the process and [redacted] with the perspective that they have, overruled the Army. Is that a fair way to put it?

A That's a fair way to put it. And I would say that's not necessarily bad. The Army has its own perspective and has its own equities to protect. Obviously the Department of Defense and the Executive Branch of government have other equities to look out for.

Q Is it your sense that the decision [redacted] [redacted] that we're talking about right now had the benefit of that full airing [redacted] [redacted] and they were able to kick it around and debate it and ultimately vote it down, although they were overridden?

A I believe that [redacted] had the opportunity to air their views and that those views were most likely considered at higher levels, and other aspects determined to be dominant [redacted]

Q And, to juxtapose the two cases, while we're working TOWs and HAWKs on one side and [redacted] on the other, is it fair to say that SNOWBALL and CROCUS did not have the benefit of the same airing of views? Would that be one difference?

A That's clearly true.

Q Were you ever made aware on the TOWs that the Army had sought to get replacement price for the basic TOW?

A No, I was not aware of that. I became aware of it during the IG investigation but was not aware of it during the transfer process.

MR. SAXON: Colonel, I've got nothing else. Roger? Bob?

MR. GENZMAN: I have nothing. Thank you for your time.

MR. KREUZER: Thanks very much.

MR. SAXON: Let me say on the record that we appreciate very much your testimony. It's been very helpful and I think as we write a report it will be very helpful in trying to sort out how the system that you administered works. This has been helpful and we appreciate your time on several occasions.

(Whereupon, at 2:52 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this ________ day of ____________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
Notary Public
in and for the District of Columbia

My Commission Expires: February 28, 1990

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18APR86

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
WASHINGTON, DC 20310

REPLY TO
ATTENTION OF

DAMO-SA

EXHIBIT
CWW-23

18 APR 1986

MEMORANDUM FOR DIRECTOR, JOINT STAFF

SUBJECT: [redacted] System (U)

1. (S) The [redacted] System provides a single channel for requests for support from the Central Intelligence Agency to the Department of Defense. The system protects extremely sensitive information from both inadvertent and deliberate disclosure, allows for covert support to Agency operations worldwide, and insures adequate Service review of the requests.

2. (S) Recently, a number of requests involving transfer of high technology weapons, large quantities of limited, sophisticated missiles, and/or spares for low density weapons have bypassed the [redacted] System. These requests have been made by members of the Office of the Secretary of Defense directly to Service officials. [redacted] has either not participated or has done so after the fact.

3. (S) Requests which bypass the [redacted] System receive less Service and no Joint Staff scrutiny, yet may impact on the Service's warfighting capabilities. The Secretary of Defense should be made aware that using ad hoc channels to support the CI may degrade security overall and impair national security.

CARL E. VUONO
Lieutenant General, GS
Deputy Chief of Staff for
Operations and Plans

Partially Declassified/Released on 5-13-87
under provisions of E.O. 12356
by B. Reger, National Security Council

McDonald
Ex. #1
5/14/87 mas

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DEPOSITION OF ROBERT C. MCFARLANE

Thursday, July 2, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 5:30 p.m., in Room B-352, Rayburn House Office Building, with Pamela J. Naughton, House Select Committee, presiding.

Present: On behalf of the House Select Committee: Pam Naughton, Ken Buck, and Richard Leon.

On behalf of the Senate Select Committee: Mark Belnick and Victoria Nourse.

On behalf of the witness: Leonard Garment and Peter W. Morgan, Dickstein, Shapiro & Morin; 2101 L Street, N.W., Washington, D. C. 20037.

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Partially Declassified/Released on 18 Dec 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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Whereupon,

ROBERT C. MCFARLANE

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MS. NAUGHTON: For the record, my name is Pamela J. Naughton, Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran.

Will the others present please introduce themselves?

MR. BUCK: Ken Buck, Assistant Minority Counsel, House Select Committee.

MS. NOURSE: Victoria Nourse, Staff Counsel, Senate Committee.

MR. BELNICK: Mark Belnick, Executive Assistant to the Chief Counsel, Senate Committee.

MR. MORGAN: Peter Morgan, Counsel for Mr. McFarlane.

MR. GARMENT: Leonard Garment, same.

MS. NAUGHTON: For the record, Mr. McFarlane is being deposed today.

Mr. McFarlane, we appreciate your cooperation in coming at this strange hour to wrap up a few details that have come up in the hearings since you testified publicly a while ago. I want to try to short-circuit some things, but don't let me cut you off. If there are some things that you feel necessary to explain, feel free to go ahead and put whatever you want to on the record. We don't mean to limit you, but we do have specific questions to ask you.

I would ask if Mr. Belnick can ask his questions first, since he has to leave.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

MR. BELNICK: I join Pam in thanking you for making yourself available after you have testified so extensively to the committees previously. I would like to ask that this document be marked as McFarlane Exhibit 1.

(The document referred to was marked for identification as McFarlane Exhibit 1.)

MR. BELNICK: For the record, McFarlane Exhibit 1 consists of a memo dated March 8, 1985 from Oliver North to Robert C. McFarlane, and attached thereto is another memo prepared apparently for Mr. McFarlane to send to Max L. Friedersdorf. The exhibit bears our Bates stamp numbers N-40599 through N-40603.

BY MR. BELNICK:

Q Mr. McFarlane, have you seen these documents before? Recognizing that I have showed them to you in a private interview session, do you recall seeing the matter about the time indicated, March 1985?

A No, I don't.

Q You will notice that page N-40600, which is the first page of the memorandum prepared for you by, apparently Colonel North, describes a meeting with members of the House Permanent Select Committee on Intelligence held on March 4, 1985.

Looking at that memorandum, do you recall any of the -- first of all, do you recall that meeting?

A I don't really. I think we have checked on my schedule, and it did occur. I am confident that we did.

Q You don't recall the meeting at all, though, independently?

A No, I really don't.

Q Does looking at this document refresh your recollection as to any of the discussion at the meeting and in particular any discussions at the meeting, including private sector and, third country assistance for the resistance?

A No. I am surprised by that, especially the reference that is attributed to Congressman Hyde, which I would think is the kind of thing I would remember, but I don't.

Q Why are you surprised by the reference?

A Well, it implies that he believed at the time that we ought to be trying to get money from [redacted] [redacted] and it is cast in a way that should expand as if he were witnessing of the fact that we, at the time, were already receiving money from [redacted]

If he knew that I am surprised, and even if he did not know that, for him to be suggesting something which by that time would have been illegal, is implausible to me, and I think that would stand out in my mind if it happened.

Q If Mr. Hyde was aware of the existence of third country assistance, it was not from you?

A No.

Q And you have no information that Mr. Hyde was aware of that fact, do you?

A No, I don't.

Q One more question on this matter. I take it, Mr. McFarlane, that you have no recollection of Mr. Hyde either at this meeting on March 4, 1985, or at any other time discussing in your presence obtaining third country assistance for the contras?

A No, I do not.

Q No recollection of that at all, correct?

A No.

Q And no knowledge or information that he ever had such a discussion?

A No.

MR. GARMENT: Do you mind if I look at the two annexes?

MR. BELNICK: Not at all. Feel free.

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MR. BELNICK: Could you mark this next document as McFarlane Exhibit 2?

MR. LEON: I note for the record that Exhibit 1 starts off with a Bates stamp 40599 and consecutive numbering up to the last page. It appears to be consecutive numbering up to N-4060, although there is a stamp that marks, whether it is 02 or not-- the last page is headed with a number 12 on it. It does not have a Bates stamp on it.

The first line reads, "Mr. --

MR. BELNICK: It looks like a document that got attached by a Xeroxing mishap.

MR. LEON: If it is an accidental thing, I ask that it be removed now from the deposition.

MR. BELNICK: I can't believe that it is part of this exhibit, so we will remove page 12.

MR. GARMENT: Agreed.

(The document referred to was marked for identification as McFarlane Exhibit 2.)

BY MR. BELNICK:

Q Mr. McFarlane, McFarlane Exhibit 2 is a copy of a cable that we believe was sent by you to the Secretary of State on or about July 13, 1985, bearing our stamps, N-42447 through N-42452. I will ask you to look at it and confirm whether it is a copy of a cable you sent to Secretary Shultz on or about that date.

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MR. BELNICK: Would you mark that as Exhibit 3?

(The document referred to was marked for identification as McFarlane Exhibit 3.)

BY MR. BELNICK:

Q Is the answer to my question, yes?

A Yes.

Q I would like to now show you a document marked as McFarlane Exhibit 3. It is a State Department cable bearing our Bates numbers S-000038 through 40.

I believe, Mr. McFarlane, that this document, McFarlane Exhibit 3, is the response you received from Secretary Shultz to your cable, McFarlane Exhibit 2, and would ask you simply so to confirm.

A Yes.

Q Now, Mr. McFarlane, you recall in your testimony at the public hearing in this matter you testified concerning meeting with Oliver North about the congressional query in the summer of '85, and in the course of your discussions with Colonel North, you brought to his attention certain documents that you had pulled from the files that he had written, which you said contained language that concerned you.

Do you recall that testimony generally?

A Yes, I do.

Q Again, generally you testified that you said to

Colonel North that the disturbing language in those memos was at the least ambiguous and could be construed by some persons to indicate that he had not lived within the confines of the Boland amendment generally speaking?

A That is correct.

Q Colonel North gave you answers concerning those documents, and you testified on May 11, 1987, at page 189 to 190 of the transcript that at some point Colonel North came to your office with two single pages, quoting from page 189, "One of them was the same text or close to it of the first page of a memorandum. The second piece of paper was the last page of a memorandum. I say that because the format was from and to on the first page, and the signature page on the last page, so it wasn't an intervening page. He pointed out to me on the single sheet the first page what had been altered to reflect with greater clarity what his intention had been, and it didn't seem to me substantial," and so forth.

Since that testimony of yours, we have had a document produced to us that we did not have when you testified the last time. And I will ask the reporter to mark this document as the next McFarlane Exhibit.

(The document referred to was marked for identification as McFarlane Exhibit 4.)

MR. BELNICK: And you would you mark this one as

McFarlane Exhibit 4-A.

(The document referred to was marked for identification as McFarlane Exhibit 4-A.)

MR. BELNICK: For the record, McFarlane Exhibit 4 consists of pages Bates stamped numbered N-42468 through 474. The first four pages or five pages are cover sheets. The last two pages consist of a memorandum dated December 4, 1984 from Oliver North to Robert McFarlane. Subject: Confusion in the Nicaraguan Resistance.

Next to it, Exhibit 4-A, bears our Bates stamp numbers N-32858 and 59. It is a two-page document also dated December 4, 1984 --

MR. GARMENT: Which one is that?

MR. BELNICK: Also dated December 4, 1984 from Oliver L. North to Robert C. McFarlane, Confusion in Nicaraguan Resistance. The first two pages of Exhibit 4, the first page of Exhibit 4 and the first page of Exhibit 4-A from our review seem to be identical in content, but if you will turn to the next page of the memorandum -- the underlining, by the way on Exhibit 4, is ours -- Exhibit 4 on the second page -- if you look at the next to the last sentence of the first of the carry-over paragraph on Exhibit 4, it reads as follows:

"While I may not have been fully open with him on this matter, it did not seem to me to be relevant to his other important tasks given current funding arrangements."

Do you see that?

THE WITNESS: Yes.

BY MR. BELNICK:

Q Now if you look at the same place on Exhibit 4-A, current funding arrangements has been changed to current funding problems. And the word, "his," given his current funding problems as opposed to given current funding arrangements. Those two pages, then, are different.

Looking at that, Mr. McFarlane, do you recall whether this page or these pages were the pages that North brought to you at the time you were discussing problem documents in the late August or early September of 1985?

A Well, I remember receiving at the time of origin, I would guess, December of '84, a memo concerning a contra meeting with other staff members, which Colonel North was upset about, so I expect it was this memorandum.

As to your question, I am afraid that I do remember that one of the two pages I got was a final page, as I testified. I couldn't be certain that it was this final page. The substance of this change doesn't stand out to me as one that I have seen when he brought those two pages to me. So I can only say that it is very possible. I am not certain that it was.

Q Apart from whether it must have been one of the two pages that Colonel North brought to you at the time, do you have any other recollection of this document being changed at any time?

A No, I don't.

Q Thank you, Mr. McFarlane. I have just one or two more questions. And excuse me for jumping around.

November 21, 1986, the day you met with the Attorney General, do you have any recollection of telephoning Lieutenant Colonel North that evening after you spoke to the Attorney General?

A Yes, I did.

Q Could you please tell us the substance of that conversation?

A Well, I went outside and at curb side at the driveway entrance to the Justice Department on the western side is a telephone. I say that because it was outdoors. This was November and it was very cold.

I called Colonel North, probably through the [redacted] number and they connected to him, the White House switch board, and as I recall, I gave him a summary account of what I had said; that I had given the Attorney General a summary record of my recollections concerning the Iranian initiative; how it started; how it was conducted and without very much detail, but said that it seemed to me to have gone without incident and it had been very straightforward. I expect that was all.

Q Did you tell Colonel North on the phone that the Attorney General had indicated to you in your private discussion with him that if the President had made an oral or what you would call in a professional note, mental finding, to support the shipments in 1985, that would have satisfied the requirements of the finding law?

A Well, I don't remember saying that he especially, but I do recall that when the Attorney General told me that, that it seemed to stand out in my mind as important, and so legally I think--I have no specific recollection. I imagine that I would have passed that along because it seemed to me at the time to be an important part of the conversation.

Q Did Colonel North say anything to you in that conversation?

A Whatever he said, I don't recall. It was acknowledging what I had told him and little else.

Q Thank you, Mr. McFarlane. These will be my last questions and they will refer to an article which appears in the current issue, the July 1987 issue of the "Washingtonian," an article entitled, "The Ollie We Knew," by David Halevy and Neil Livingstone.

I just want to ask you about a couple of assertions in this article, Mr. McFarlane, that I think you may have knowledge of. In 1982 at the time of the Israeli move into Lebanon, what was your position?

A I was the deputy to the assistant to the President, at the time Judge Clark.

Q And Colonel North would typically report to Judge Clark through you at that time?

A Yes.

Q According to this article at the time of the Israeli move into Lebanon--I am now paraphrasing from the article--Colonel North was in Israel with Philip Habib. Do you recall whether that was so or not?

A I don't. I would be surprised if he were. I usually did track who went from our staff anywhere, and he would not have been the person of choice to go over there at the time. It would have been Jeff Kemp or Bob Kimmet or one or two others.

Q Continuing the article says that while Colonel North was there he was invited to the desert residence of Ariel Sharon the night that Israel moved into Lebanon; that Sharon showed Colonel North certain secret plans of Israel relating to the invasion and relating to an effort to get the U.S. to intervene on behalf of Syria in order to make Syria beholden to the U.S.; that North rushed back to the embassy in Tel Aviv and bypassing diplomatic channels sent a report of this alleged Sharon secret war plan to

National Security Advisor Clark, who was with the President then at Versailles.

The article then says that no one in the government took time to give any attention to the Sharon proposal. Is any of that true to your knowledge?

A I don't think any of it is true.

Q Have you ever heard of any such secret war plan prior to reading about it in this article?

A Never in that context. There has been another, I thinK, fictitious assertion that such an exchange took place between General Sharon and Secretary Haig, and I don't think that is true either.

Q So you are not aware of any such report from Colonel North back to Washington?

A I am not.

Q So the best of your knowledge, this story is false?

A I believe it is false. I say that also because Ariel Sharon is not the kind of person who deals with subordinates. He talks only to Adams, and they to God.

Q And from there it is a local call. The other aspect of this article that I want -- the other aspect of this article that I wanted to ask you about, Mr. McFarlane, same article, relates to stories concerning Colonel North's alleged role in the American military action in Grenada in

October '83.

First the article asserts, and I quote, "North coordinated military and policy planning groups in preparation for the invasion and fought a losing battle to persuade Pentagon brass to use only Americans." It says also that Colonel North was responsible for traveling to Caribbean nations to get their support and that he put together the regional multinational force that never went to shore; that it was he who was dispatched by you -- what wás your position in October '83?

A I had become the assistant to the President on October 17th, about two weeks previous.

Q You were the President's national security adviser at that time?

A Yes.

Q The article says it was North who was dispatched by you to get the President's signature on the order authorizing deployment of the American amphibious units so the invasion could proceed. Is any of that true so far as you know?

A Not in its apparent intent. He was a junior staff officer who did participate in policy planning, but the substance of the account is wrong. He would not have been in a position, for example, to recommend to the joint chiefs the composition of the force. That was between Army and

Marines. That was not his role.

Q Was it his role to coordinate the military and policy groups?

A To participate on a group, but he was not the chairman of it.

Q Was he in charge of putting together the multinational force in the Caribbean?

A I don't think there was such a group.

Q Could you describe what Colonel North's role was with respect to the Grenada action?

A Well, he was one of two NSC staff representatives that participated on interdepartmental planning that led up to it. That doesn't imply participation in the military planning though. That was the role of the Joint Chiefs. His job was to make sure that the President's directions were simply communicated to the others in the community accurately, and then to report back any problems that were surfaced in this group, with carrying out the President's instructions, but essentially a communicator, not a policy role.

Q And not a Commander-in-Chief.

A Oh, no.

Q Lastly, the article alleges that Colonel North was able to pop in on President Reagan by entering the Oval Office, "through the side door, and his meetings were not logged in."

Based on your years in the White House and your knowledge of the Oval Office, your knowledge of the President, your knowledge of Colonel North, how do you react to that assertion that Colonel North could enter the Oval Office through a side door without his meetings being logged in?

A That is impossible. There are two side doors. There is a Secret Service guy next to one and the other one is Mr. Deaver's office, and it was locked, and he couldn't get through that way.

Q And if he tried to come in through the Rose Garden, when would the funeral be?

A That was not feasible.

MR. BELNICK: Thank you, Pam. Thank you for permitting me to lead off. I have no further questions.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Mr. McFarlane, you mentioned Judge Clark. You were working for him during a certain period of time. After Judge Clark left government service, did you stay in contact with him?

A Occasionally. Usually, however, at his initiative. I suppose he might have called, oh, once a month or I would see him while he served as Secretary of Interior and he would come to Cabinet meetings, and I attended Cabinet meetings. But periodic, a dozen times a year maybe.

Q To your knowledge, was he aware of any of Colonel North's activities regarding contra re-supply operations?

A Not to my knowledge.

Q I have here a prof note from March 28, 1986, which I will show you, but I first would like to read it into the record, because it is very hard to read. It may help. It is a note. It says, "From: Robert McFarlane; Subject:" and then that is blacked out. "Promotion. David Fisher called this morning. I believe he has also called Florence to discuss the wish of a private group of well-meaning and well-heeled conservatives to help promote -- it is blacked out -- on T.V. This group has put together about $3 million worth of ads on the contra issue in the last six months and is very supportive, and by all accounts, responsible."

The remainder is blacked out. The last sentence says, "At any rate, if you want to follow up on it you might call Dave." And it gives a number. "For what it is worth, these folks care less about being stroked; they want to help." Do you recognize those words?

A This sounds very plausible because those events occurred. I recall Mr. Fisher contacted me about people who wanted to promote, thought it was [redacted] actually, on television.

Q Do you know who these people were?

A No.

Q For the record, Mr. Fisher is --

A David Fisher had been the President's personal assistant until leaving the White House in early '85, I think, and at the time was a private attorney whom I had -- who I believe was living in Salt Lake City, visiting Washington.

Q I would like to ask you about a couple of these deletions here. In the second sentence, conservatives to help promote-- what is that word? It is partially blocked out.

A This is a guess. I bet that it is [redacted]

Q Then the blackened out portion towards the end of the paragraph after the word, "responsible," do you recall what that discussion was about?

MR. LEON: Let me ask this: Is that an unclassified document now?

MS. NAUGHTON: No.

MR. LEON: Who blackened it out?

MS. NAUGHTON: I don't know.

MR. LEON: Is this a code word deposition?

MS. NAUGHTON: Yes. It has been swept.

MR. LEON: Why can't we introduce it as an exhibit

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into the record?

MS. NAUGHTON: This is my only copy, and I don't want to have it go out.

THE WITNESS: I don't know. I assume it is talking about the same thing, about this group of people. All I recall about what Mr. Fisher told me was that he had met a group of people who were responsible, law-abiding supporters of the President who had asked his help in trying to prepare supportive advertising, television -- not commercials, but it is supportive material-- and that they had already been doing the same kind of work on urging American support for the President's policies in Central America, and -- it is probable -- I am trying to think why he would have asked me in the first place -- it is probable that they would be volunteering, but needing some help in getting current positions from the administration on just what it wanted stressed, what is your policy [redacted] and how can we help.

So I am guessing that that seems likely.

BY MS. NAUGHTON:

Q Do you know what would have been -- is there anything Mr. Fisher said to you in that conversation or that you later related about that conversation that would have been classified above top secret?

A I don't think so.

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Q Was there any discussion of this group of people contribution to the political campaigns?

A I don't think so. No.

Q What was done about this information that Mr. Fisher related to you?

A Well, if Admiral Poindexter even acknowledged the note, I guess it would be in the file, but I don't believe that he did, and that this was the last that I had to do with it. It was a matter of passing along information from Mr. Fisher, and assuming that the matter was closed -- I guess I said in the message that if Admiral Poindexter wanted to follow-up, he could call David, and I never heard anything more about it.

Q Now turning your attention to the events surrounding, first of all, the shipment of Hawk missiles in November of 1985, and then as it related to the Attorney General's investigation beginning the third week in November, why don't you start out and tell us what your understanding was in November of 1985 regarding the shipment, the Israeli shipment to Iran to begin with, and as your knowledge evolved about the shipment.

A Well, I think I testified to it and I don't know of anything new that has come to my mind, but in sum, this was a matter that I learned of while in the course of the summit meetings in Geneva. There hadn't been any forewarning from Israel to me or to the staff that I know of, of an intention to do this before we left for Geneva, and I had had a meeting from or a visit from the Israeli Defense Minister Rabin at the time, who came in on November 15th to see me, and I think that his purpose was basically to reconfirm for his government that the U.S. Government still agreed with their negotiating the sale of Israeli weapons and being able to come to the U.S. if they did to replenish them.

And he came to my office for a very short time, 10 minutes, and asked about that. I think personally that he had some misgivings about continuing to go on with it. I told him I had some myself, but that it was the President's policy to continue to authorize them to do so. And he left and the next morning I went on to Geneva with the President.

MR. GARMENT: Do you mind if I have the record show that since he previously testified on the matter we have undertaken, both discussed the matter with Mr. McFarlane and others who have provided independent information that results in some small, but nevertheless significant changes in the focus of his recollection -- that had been discussed with you previously and with Mr. McFarlane, and are contained in certain notes which we furnished you and which we would appreciate having made part of the record.

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MR. LEON: Do you have those notes with you?

MR. GARMENT: Do it any way you want, either now or at the end of the testimony.

MR. MORGAN: What Mr. Garment is referring to, the first document is entitled, "Background to Events of November and December 1985 Relating to Robert McFarlane." This was prepared by our office in consultation with Mr. McFarlane. Since he last testified, we have gone back through the records and in detail, it has some details that we didn't have before, for example, the duration of the meeting with Mr. Kimche and Mr. Rabin and so forth.

MR. LEON: Do you have a date when that was prepared, Peter?

MR. MORGAN: Today.

MS. NAUGHTON: If we can make this exhibit next in order, I believe 5 or 6.

(The document referred to was marked for identification as McFarlane Exhibit 5.)

MR. LEON: I would move the admission of the document that Mr. McFarlane was questioned about, the prof note, even though Ms. Naughton doesn't have an extra copy with her. I would suggest that she make an extra copy and I will have it delivered to the reporter's office, but that it be deemed to be Exhibit 5 and that this exhibit here be deemed to be Exhibit 6.

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MS. NAUGHTON: Fine, if Mr. Leon will take it upon himself to do that.

MR. LEON: Absolutely.

(The document referred to was marked for identification as McFarlane Exhibit 6.)

MS. NAUGHTON: I don't want to go into all the details on the November shipment. If you wish to elaborate or correct anything, please do. As to the replenishment, had you or Colonel North or anyone at the NSC checked with the Department of Defense regarding the possibility of replenishment and what that procedure would entail?

THE WITNESS: I had not and I didn't task anyone else on my staff to do so. Since testifying, I have learned that others have confirmed that the Defense Department was tasked to identify how quickly and at what cost Hawks could be replenished to Israel. But I am afraid I do not know who tasked them for what the result was.

BY MS. NAUGHTON:

Q What was your understanding, then, when you spoke to the Israelis about replenishment -- what was your understanding regarding the ease with which this could be done or the difficulty that that would present? Did you have any sense of what it would take to replenish those?

MR. MORGAN: You are talking about replenishment

MS. NAUGHTON: Yes.

THE WITNESS: Well, I didn't have any idea. As I recall, the only time to me that I got into a discussion on replenishment occurred back in August when Mr. Kimche came from Israel, and we talked about how Israel might make the sales instead of the U.S., because I had conveyed to him that the President had disapproved our selling arms to the Iranians directly, and he said, well, he believed that his government could do it, but that the key concern for them would be being able to buy replacements.

And he said that he believed that it would have to be on a pretty timely basis, soon, not a matter of years, for example, and I said at the time, well, it seems to me that what you ought to do, though, is to send in, to find a way for you all to request as part of your annual request, whatever additional arms you may need so that it won't stand out as something that is unusual.

And he said, well, yes, that makes sense. And I put it out of my mind at that time and expected that probably they would be coming in with an expanded request for in this case TOWs in December, which was the normal time for Israeli submission to come in.

In fact right now, at this very day, Defense Minister Rabin is here in town doing that very thing. He actually is following up on what he asked for this past December.

MS. NAUGHTON: Did you hear anymore about this in terms of the mechanics of ordering the replacements?

THE WITNESS: I never did, no.

BY MS. NAUGHTON:

Q Did you ever have any conversations with Secretary Weinberger about the issue of replenishment?

A Well, I expect there were conversations at the outset back in August just confirming for him when the President made the decision that, yes, replenishment was authorized. At the time of the transaction in November, I don't remember any. At the same time I did have a habit each day in the context of the summit of calling Secretary Weinberger at the end of each day and reporting to him here is what Ghorbachev talked about, and going through the record of the talks -- and I am kind of drawing this from logic -- because I had learned about this Israeli sale while in Geneva. It is likely that I passed that along, too, but I have no concrete recollection of it.

Q Getting back specifically to the November shipment, as of November 15th, did you know that the Israelis were planning on a shipment?

A No.

Q When is the first you learned of the shipment?

A Well, again, it is based on what I think is likely, and that is that because the Defense Minister didn't mention it to me, and Mr. Kimche had not mentioned it to me, there was no other communication to me from Israel, it is likely that after he called, he, the Defense Minister, called me from New York on Sunday or Monday; that he said there was a problem.

He didn't mention any arms or weapons, and I passed the problem on to Admiral Poindexter and to Colonel North by phone asking that they be in touch with Defense Minister Rabin in New York, and help solve the problem, whatever it was.

Well, finally to answer your question, I think that having contacted Rabin, North then reported back to me again Monday or Tuesday, and told me what the nature of the problem was; that Israel was indeed transferring Hawks. So it is probably Monday the 18th of November when I first learned of it. And I passed that along to the Secretary of State and to the President.

Q Did Colonel North tell you how many Hawks were being shipped?

A Well, I have a faint memory of the number 80 and 81. And I am not sure which one it was. I have learned since from the Tower Report, I believe, that actually 18 were sent, but I don't know if I knew that at the time.

Q You said that you then passed this information on to whom?

A To the President and to the Secretary of State.

Q And did you tell the President that they were Hawk missiles that were being shipped?

A Yes.

Q Did he have any reaction to that?

A Oh, I believe that he was hopeful as he always was that this would lead to the release of hostages.

Q And did you explain to the President that they were coming from Israeli stocks?

A I don't know. I doubt it. This was something I would have covered in a matter of seconds and gone on to summit agenda.

Q And you also informed Secretary Shultz of this?

A Yes, I did.

Q Do you recall what his reaction was?

A Well, I don't know. I am prodded, I guess, by having read what his purported reaction was in his own notes, and I don't have any memory of that either, but I take it that he, as recorded, that he was dismayed at learning about it so late, although he certainly knew about it as soon as I did.

Q But here and now on your own accord you can't recall his reaction?

A No.

Q When you informed Secretary Shultz, was he alone or in the company of anyone else?

A He was alone. I believe that I went to his hotel suite and we went into the private office, and we were alone.

Q Did he take notes of your conversation?

A I don't remember him ever taking notes of our conversations, but I was aware that his habit was to tell his assistant, Charlie Hill, about whatever he had discussed so as to take any follow-up action that might be necessary.

Q Did you take any notes of either what Colonel North had told you or of your briefing sessions with the President or with Secretary Shultz?

A No, I did not.

Q Moving, then, from that time frame to the third week in November of 1986 --

A Would you mind if I just gratuitously added a comment that I think seems to be important, but thus far is not on the record?

Q Sure.

A I guess the issue here understandably is what did I know and the extent to which it was an important matter of consequence to me. This was a time after I had been National Security Adviser for about two years, and from the time I entered the job it seemed to me that there might still be an opportunity to do one or two significant things in foreign affairs, and for me talking with the President and the Secretary of State, it became clear that that was to try to forge some framework for doing business with the Soviet Union. And working with the President and the Secretary, we laid out a strategy of how to do that. And the opening part of it was the President's speech in January '84, which is rather remarkably different from the tone he had had for the Russians in the past. I don't say this to bore you, but the point was we began a train of events that were very purposeful and designed to engage the Russians in a discussion along the whole spectrum to arms control, trade and cultural matters, et cetera.

It played out in the course of '84 and in '85 with the change in Soviet leadership for the third time in a four-year period we got a rather significant change in their side of things when Ghorbechev, on April 1st, committed to come to a meeting in Geneva in the fall and that absorbed, from that moment on, all of our attention.

I say virtually all of our attention. That isn't to say anything else didn't come up, it did, the hijacking. But the President's agenda and mine was very much oriented toward doing everything we could with the three constituencies you must muster whenever you undertake a big initiative -- Congress, the American people and the allies, understand what you want and to support it. Because the important part of going to a summit is to arrive there with the adversaries seeing that you are supported by allies, your body politic and the U.S. Congress. So you develop a strategy for laying out your agenda in speeches, in meetings with the leadership of Congress, in visits to the United Nations, in a dozen ways, and in your travel and so forth.

This is what we were doing in the summer of '85 and in the fall. It picked up in the fall because you began to get into the concrete business of what change will we make in our arms control position, what kinds of resolution of boundary disputes and other things that you can sign at the summit to demonstrate progress.

The Foreign Ministers began to get together and their Foreign Minister came to our country and you must prepare quite a lot for these things. September was the time of the Foreign Minister Shevardnadze's visit, and between that time and eight weeks later when we arrived in Geneva the President made four major speeches to give an explanation to the Americans about four objectives he had for the summit, arms control, regional disagreements like Afghanistan, human rights and the bilateral agenda.

One of these was given at the United Nations, and that included visits with 37 heads of State and you had to prepare for those, too. Then I went to Moscow with the Secretary of State to try to shave some of the disagreements off in a few of the problem areas for five days, and then would spend probably half of my time on a given day in background sessions with the press, calling in journalists and telling them here is what we are trying to do and to get their expectations not over-inflated, but conscious of what might be feasible.

And then the Achille Lauro was seized. We didn't plan that, but it took some time. My point in this rhetoric is not to try to give you some sense of grand strategy, it is to say I didn't give a damn about this thing. This was not important. This was not going to lend one whit to whether the President of the U.S. succeeded in his central responsibility in bringing stability to East/West relations.

I should have, I think. I think if you had been more on top of these things then it wouldn't have gotten off course, but if someone had come in and told me on November 15th they are going to ship Hawk missiles, I would have said, "I am late for a backgrounder." This wouldn't have been something of great consequence to me, and it wasn't.

The other point I would make that is kind of gratuitious is that things were working well, and I could see that I was going to leave the government and the President would have achieved something worthwhile. But I was going to leave and was pleased to leave because what it had taken to get this community of people into this summit was an enormous task and the prospect of having to work under these conditions with a Cabinet that was in very sharp disagreement was intolerable. So I decided to leave the government.

Part of that decision, too, was wanting to clean up some loose ends and this was one of the loose ends. There was -- and we will perhaps get later to the London meeting where I thought I had closed it down. But in the period in question, November 15 to December the second, I was in Washington D.C. for a total period of perhaps six hours, and otherwise with the President in Geneva or in California and out of communication with my colleagues and staff, and pleased to be so.

BY MS. NAUGHTON:

Q Mr. McFarlane, I understand what you are telling us and I appreciate your comments. Please, I want you to know what we wanted to do today is simply to piece the puzzle together in terms of the facts that you know. We are not in any way trying to prove what you knew or when you knew it.

I am trying to piece the puzzle together in front of us.

I want to move then to November of 1986, and let's take it from approximately -- let's take it from November 7th actually. I noticed in the chronology that you and your attorneys have prepared, and perhaps we should mark this as an exhibit now -- if this could be marked the exhibit next in order, it is entitled, "Overview of Events of November 3 through 21."

MR. GARMENT: Prepared by Mr. McFarlane's counsel.

(The document referred to was marked for identification as McFarlane Exhibit 7.)

MS. NAUGHTON: Since we have made this an exhibit, Mr. McFarlane, I don't want to go through it. Again, if there are any comments you want to make as we skip over things, please feel free to do so.

BY MS. NAUGHTON:

Q When were you first made aware that the Department of Justice was now looking into the legality surrounding the Iranian arms sale?

A I think it was when I was called by the Attorney General on the 21st of November. And he told me that -- he said he had been asked by the President to put together an accurate record of events, and he would like to talk to me.

Q If I can back up to that point, prior to January of 1986, did you discuss any of the Iranian initiative with the Attorney General or was he present at any meetings in which either the August shipment or the November '98 shipment was discussed?

A I don't think he was, no.

Q Do you ever recall discussing with him prior to November of 1986 the legalities surrounding the pre-finding shipments; that is, the 1985 shipments?

A No, I don't think he was party to any of the 1985 meetings, to my knowledge.

Q Was there ever any discussion of perhaps running this by the Attorney General prior to January of 1986 to look into the legalities of it?

A Well, the legal considerations were discussed at considerable length actually in the meetings held by the President with the Secretary of State and Defense and the Director of Central Intelligence, where the Secretary of Defense made a very vigorous statement about -- of opposition based on legal considerations, and as I recall, he did mention the Arms Export Control Act, and reporting requirements under it to the Congress, and while he was not certain of the concrete elements of law, he believed that it was an important consideration.

And the Secretary of State echoed his concerns. The Director of Central Intelligence said that, well, if the President decides that he wants to undertake this kind of covert action, let's remember two things. First of all that it isn't the U.S. Government that is acting here. It is our support of an Israeli action, and it is Israel that is undertaking the actions.

He also said as a separate matter, if the President determines that this is his policy and it is a covert action, according to the '47 Act, that it was his opinion, as I recall, that he could -- he nad the authority in law to do that. That doesn't really answer your question, but that is the extent of conversations on the legal aspects of this.

Q There are really two things involved, and I gather that you saw Mr. Cooper's testimony publicly?

A Yes, I saw the record.

Q So hopefully we can short-cut some of this. There are two statutes we discussed in that testimony. One is arms export control, which would apply to Israeli shipments if they were U.S. weapons. The other is the issue of a covert action under the National Security Act.

A Yes.

Q From what you have described, it sounds like Mr. Casey was talking about the National Security Act.

A Yes.

Q Therefore, was it discussed then prior to January of 1986 that that needed a finding?

A Only in the terms that I have mentioned here, that the Director said if the President determines or finds that this is what he wants to do, then that can overcome the -- he thought -- the other restrictions of law. But it was never translated to a written finding, nor was the Attorney General brought in to examine whether the DCI was right or wrong.

Q Did Mr. Casey ever mention whether or not he had run this by Attorney General Meese?

A If he did, I don't know about it.

Q Was this discussion that you have just related, was that before the November Hawk shipment or after?

A Before.

Q Let's go then to the 21st of November. When the Attorney General called you, what did he say to the best of your recollection?

A He said that the President had directed him to put together an accurate record of events and he would like to start right away, and could I come to his office. And I said I could, and I went directly from my home there, I think, arriving mid afternoon, 3 o'clock, and met in his private office with himself and Mr. Cooper, who took notes, and the Attorney General posed questions for about two hours, I would guess, on the Iranian initiative.

At the time he didn't raise any questions about contra support. That had not at that point become an issue.

Q When the Attorney General spoke to you on the telephone to set up the meeting, did he discuss with you the discrepancy in the drafting session of Mr. Casey's testimony? In other words, did he say that there was a discrepancy as to who in the government knew it was Hawks in the November '85 shipment?

A No, he did not. I was not aware there had been a meeting about Mr. Casey's testimony.

Q Did you find that at all unusual that the Attorney General would have been involved in this, in the fact-finding?

A I suppose not. Ed Meese is beyond being Attorney General, probably the President's closest counselor, and I would think it quite natural, actually.

Q By the way, for the record, Mr. Cooper testified that there occurred in the afternoon of November 20th a session in Mr. Poindexter's office with Mr. Casey and Oliver North and Mr. Cooper and the Attorney General, in which Oliver North inserted the statement no one in the U.S. Government knew they were Hawks until January of '86.

You were not at that meeting; is that correct?

A I was not.

Q Were you aware prior to the weekend of November 21st that Colonel North was making that assertion in Mr. Casey's testimony before Congress?

o I was not, but I should say that my only exposure to these accounts or chronologies that were prepared was on November 18th, when I went to Colonel North's office at Admiral Poindexter's request, and in the course of about three hours there I worked on two things. One was the President's opening statement that they were going to use at a press conference the next night, and spent most of my time on that. And then I got up to leave and Colonel North said, "Can you help us on the chronology," and there were many pieces of paper on the table, and a couple of versions of a chronology of events thereto, and he and I standing there began to go through the chronology, and I picked out right away two or three things that I thought were erroneous and occasionally he pointed something out, and he said -- he thought this was wrong, too.

He asked me because he hadn't been the action officer, and I didn't recall, and I offered my own version. We came to the page of the master chronology that I think the CIA prepared, to the part where the November shipment had taken place, and he said concerning this shipment, as far as I knew -- I, North, in the beginning it was oil drilling parts or oil equipment. And I said, "Frankly, the shipment entirely doesn't ring any bells with me, but what are you talking about?"

He said, "Well, this is a shipment that Israel made through [redacted] and we called you in Geneva to get you to make a call t[redacted] authorities to help get it released through [redacted] Airport." North said, "I thought in the beginning that it was oil drilling equipment, but later on found out that it was Hawk missiles and in fact Iran returned them to Israel because they were not what they wanted."

In going through this together, the two of us, I was making a notation in the margin, and finally sat down to write for Admiral Poindexter an account of what I could of the most egregious problems that I saw with it -- I think that is in the record some place -- regarding how to portray the November shipment. As I say, it, to me, was a matter that I just didn't recall when I first wrote Admiral Poindexter on November 7th. I gave what was a summary version of what I remembered of what the whole thing was, and I didn't mention anything about it because I didn't recall it.

On the 18th Colonel North was telling me, "Well, this is a matter that involved oil drilling equipment." Well, that wasn't, to me, familiar in terms of a year before, but the whole event was rather remote in my mind, and I wasn't willing to write down there that according to him the shipment had been oil drilling equipment, because I really didn't buy that.

So I wrote in my version that it was equipment, equipment -- arms I had used interchangeably in other correspondence before, but I wrote down that in November a shipment of equipment took place which was ultimately returned to Israel and didn't give it any other thought. I left town the next morning to go down to our cabin in Virginia to spend time working on some new policy ideas that Admiral Poindexter asked me to develop that the President could perhaps undertake some new ideas and have it in the agenda out front, but I didn't know about this meeting that was to be held about Director Casey's testimony. That is not surprising. I was not in government.

Q, When was it finally, then, that you were called that you knew in November that it was Hawks?

A Well, I should say that when Ollie told me these things, he said -- I, North, thought it was originally oil parts, and I, North, didn't learn until January, I think, he said that it was Hawks.

As I say, I didn't remember it in any fashion and when I got to the Attorney General's office, I did go through the whole thing. I didn't mention the entire eposide because it had not made an impression on me, but he raised it and I said, well, as I recall -- I recalled for him what Colonel North had told me was his own recollection, because I hadn't been in Washington. I went from Geneva to London to San Francisco, and I said apparently we didn't learn about it being Hawks until the following year.

For me that wouldn't have been until May, because

I wasn't involved with the Government on any particular mission until May. That was by logic or kind of deduction on my part, but not based upon recollection, because I still didn't recall.

Q If I can back up for a minute, in November of '85, when you informed the President and Secretary Shultz, when you informed the President, was anyone with him?

A Probably Mr. Regan, I think, because he was always with the President whenever I was.

Q Do you recall any response that Mr. Regan might have made?

A I don't, no.

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MR. GARMENT: Could you go back before that interjection took place about 1985, where Mr. McFarlane testified about 1986?

(Whereupon, the reporter read the record.)

THE WITNESS: But I was prompted by the Attorney General and he said at that time George Shultz believes that you told him about it in Geneva in November of 1985. I said if the Secretary of State said that, I am sure he is right, but I simply don't remember, but I agree that he is probably right.

BY MS. NAUGHTON:

Q You no doubt have heard Mr. Cooper's testimony and seen, I believe, his notes of your interview?

A Yes.

Q In your exhibit book, which does not state that. Is his recollection then incorrect?

MR. MORGAN: Excuse me. I don't think that is correct. You are saying that Cooper's notes don't reflect that Mr. McFarlane had a conversation with the Attorney General about Mr. Shultz?

MS. NAUGHTON: The sum and substance of Mr. Cooper's testimony is that Mr. McFarlane, his response to the November 1985 question was that he first learned of it in the spring of 1986.

THE WITNESS: Then he goes on to say that, I believe the Secretary of State made a note to the effect that you talked to him about the Hawk shipment in November of 1985, and I said I am sure he is right.

MR. LEON: Is that the third page of the notes?

MR. GARMENT: The third page of the notes -- the fourth page of the notes.

MS. NAUGHTON: The number on the top right-hand corner of the page is 3096.

BY MS. NAUGHTON:

Q Mr. McFarlane, that reads "McFarlane didn't know...", if you could read that into the record and tell me if that comports with your recollection.

A Mr. Cooper's notes attributes to me that I didn't know that this (Hawk shipment) involved procuring a plane; doesn't remember chat with G.S., George Shultz, but probably had one.

Q Now, that comports then with your recollection?

A Yes, it does.

MR. GARMENT: You might describe the next event was an effort to confirm this information.

MS. NAUGHTON: We will get to that.

MR. GARMENT: Okay. Fine.

BY MS. NAUGHTON:

Q When did you first learn that Secretary of State Shultz had notes taken of your conversation in November of

1985?

A I think when the Attorney General told me.

Q And when was that?

A In that session.

Q Now, was this at the end of the session when Mr. Cooper had left the room or was it when Mr. Cooper was present?

A I think it must have been when Mr. Cooper was present, because he has an abbreviated account of it here.

Q If you could point that out.

A At the part in the notes that I have just read into the record, it deals with this matter of my having talked to the Secretary of State in response to Mr. Meese's question.

Q Well, I understand that, but my particular question concerns the notes that ultimately Mr. Hill wrote for Secretary of State Shultz. When did you learn that there was an actual note reflecting your conversation in November of 1985?

A I understand. I believe that the question from the Attorney General, which prompted this answer, was, Bud, we understand that the Secretary of State has contemporaneous notes that include that you, McFarlane, told him about the Hawks in November of 1985. And I answered, part of which is in Mr. Cooper's notes here, I am

CAS-4 sure he is correct. I don't remember it, but I am sure he is right.

Q Was this the first you had heard then that there were notes of that conversation?

A Yes, it is.

Q The evening prior to that, on the 20th, Mr. Cooper testified publicly that many calls were made in trying to straighten out this discrepancy. He called Paul Thompson, he talked to Admiral Poindexter, who supposedly got in touch with Colonel North, who supposedly got in touch with you.

Were you called by anybody on November 20, 1986 regarding this issue?

A I don't recall that I was called by anybody.

MR. MORGAN: My understanding is that Mr. Cooper said that he had contacted Mr. Poindexter and Mr. Poindexter -- he heard that Mr. Poindexter could not get Mr. McFarlane but that he contacted Thompson or supposedly contacted North who may or may not have contacted McFarlane.

MS. NAUGHTON: That is not the sequence, though.

MR. GARMENT: The answer will cover any version.

BY MS. NAUGHTON:

Q You did not hear from anyone on November 20 in the United States Government regarding this issue?

A I don't believe I did. I say that because I was

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out of the city, but my secretary kept very good records of who called my office trying to reach me and so forth. I don't have any personal recollection of receiving any calls from Colonel North while I was at the cabin in New Market. I came back on the 20th. However at about this time, about four o'clock, I drove for two hours and got back to my home at 6:30, and had to be at a speech in Gaithersburg that an old friend had asked me to give at 6:30, so I was hustling and got there late.

I don't believe I got calls from anybody. My wife would have told me if Ollie or anyone had called and she didn't. I don't believe anybody tried to reach me about this.

Q During the session with the Attorney General while Mr. Cooper was present, did you discuss with the Attorney General or Mr. Cooper the status of a finding, whether there could be an oral finding or a mental finding -- did that issue arise in Mr. Cooper's presence?

A No.

Q By the way, is there anything in Mr. Cooper's notes, now that you have been able to review them, that does not comport with your recollection of what you told him?

A They are very cryptic. They don't give the full flavor of what was discussed in any respect. For example, in the portion I have read into the record, it doesn't reflect that I certainly acknowledged that I was confident

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the Secretary of State was right, and that is clear. Nor does it talk about whether I talked about Hawks with the Secretary of State, and I did.

MR. GARMENT: If I may interject, there is an example of that on the second page of the exhibit which is more than cryptic, it is incomplete and if it were complete, it would be of some relevance because it says McFarlane acknowledged that Israel would later be able -- blank. If only he had finished that, because I am sure it says "replenish", an issue which has haunted everybody from the very start.

That is anything but a complete set of notes.

BY MS. NAUGHTON:

Q You have just mentioned that you did speak with the Secretary of Defense regarding Hawks. Could you elaborate on that?

A Well, I said it is very possible. I spoke to the Secretary of Defense at the end of each day's sessions in Geneva, and it was just a kind of a habit of keeping him informed of what the President had said and done and whatever had occurred in national security affairs that day. And so I don't have a specific recollection of saying, Cap, this is new information on the Israeli/Iran connection or anything like that, but as I had earlier in the day with Secretary Shultz, I am sure I would.

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It is a matter of deducing it by logic with the Secretary of Defense. I don't personally recall it, but I imagine I did.

Q In November of 1985, were you told by Colonel North or anyone else that the CIA was going to be involved in this shipment?

A Never.

Q When did you first learn of the CIA involvement?

A I think that it was likely when I reached California or when I arrived back in Washington and that it was from Admiral Poindexter, and if I had to guess, I would say it was on a secured telephone in California, because my habit was to call him each morning and talk about what is going on today and what is new and so forth, and I have a very faint recollection that at some point while out there over the Thanksgiving holiday he called and said that the CIA, who Ollie had had to get involved in resolving this shipment while you were in Geneva -- his concern about having had to play a role in this with no authority.

And he said don't worry about it, I will straighten it out or something like that. But I recall when I got back that -- frankly, I was delighted to put it out of my mind -- but I got back to Washington and I didn't ask it but I think he told me, he would come into my office each morning and explain what was going on. Bear in mind, I had told him that I was going to resign when it came back and that dominated most of our conversations but I think he made another passing reference once I was back in Washington, the third or fourth of December, to the effect that CIA is still upset about having been brought into this Iranian connection.

I do not recall ever having seen any finding nor being alerted to interest in there being one.

Q So you did not see the November 1985 finding prepared by Judge Sporkin?

A I don't think so.

Q Jumping back now again to November of 1986, after the interview portion was over and Mr. Cooper had left, you had a short discussion with the Attorney General; is that correct?

A Yes.

Q What was your purpose in going back to speak to the Attorney General?

A Well, perhaps it was just the accumulated impression that, sitting in the office of the chief law enforcement officer for two hours brings to one, but I had in the speech out in Gaithersburg the night before taken a public position that whatever mistakes were made were my own, that I had given the Attorney General the same account basically that I had given in public, and that is is that here are the President's motives, why he did it and it was a mistake and it was bad judgment.

I wanted him to make sure, however, that since this was different, this was someone not dealing in a political matter, it was clear that here was a law enforcement matter, the Attorney General had to know what the truth of the matter was.

And so when the Secretary came in and said that my wife had called and he said, fine, use my office, and Mr. Cooper went out then, I said to him, wait a minute, Ed, and he came back inside a couple of steps.

I said to him I think you know that I feel like I am responsible and I am willing to take all of this on my shoulders that is feasible, but I want you to know that the President was foursquare behind this from the very beginning.

There was never a moment's hesitation. He approved this the first time I pitched it to him. It was all right with him whatever the Israelis wanted to do.

He said I know that, Bud, I know very well how he feels about the hostages and, in fact, I am glad you told me that because from his legal points of view he is better off the sooner that he made the decision to authorize these sales, because that justifies all of the acts which followed it.

That didn't make much of an impression on me at the time, but then he said that this is a determination that

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was made by my predecessor, and I said, well -- Attorney General Smith -- and I said, well, I don't take any particular points from that, but it is important that you know it. And he said, fine, thank you.

And he left and I called home and that was the extent of it.

Q Did you tell the Attorney Genesal either while Mr. Cooper was there or later on regarding the diversion of some of those funds to the contras?

A No, I did not.

Q Is there a reason why you did not?

A Well, I think looking back that I probably should have, but I had been sitting responding to his questions there, and he was in charge, and he had, I guess, deliberately oriented all of his questions toward Iran because that was the subject of the issue, and neither I nor as far as I knew anybody else had raised the matter of support for the contras at all since May of that year.

So to have raised it, it would have been to hark back to having learned something four or five months beforehand.

In short, he didn't mention it and it didn't occur to me to mention it.

Q Did Colonel North ever tell you prior to November 23rd of 1986 that the Attorney General had ever told him or

CAS-11 suggested to him that he should obtain counsel?

A Earlier today we were talking about what I called him about or what I said in that conversation --

Q On November 21st?

A On November 21st, yes, and it occurs to me that he probably commented to me, after I had given him a short summary of the fact that I had laid out my recollections about the Iranian initiative, he said, well, I have been urged to get counsel, and he said one of my friends inside the -- I don't know what he called it. I had the impression he was talking about the Bureau -- told me that my phones are likely to be surveilled.

I think he said, and maybe yours. And then that was it.

Q When he said he had been urged to get counsel, did he say who had urged him?

A If he did I don't remember who.

Q Did he ever mention to you during this time frame that the Attorney General had told him there was a problem with the Hawk shipment, the 1985 Hawk shipment?

A I don't think so.

Q Did Colonel North mention to you on the 21st when you called him -- did he mention that he already knew of the Attorney General's investigation or inquiry that had begun or was this news to him, you were telling him something new?

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A I don't think he mentioned whether it was news or whether he knew about it. I had seen him earlier that day at Mr. Ledeen's house and had driven him back downtown and dropped him off, but I don't think he mentioned any awareness of any efforts by the Attorney General's inquiry then either.

Q When did you see him when you dropped him off that day on the 21st?

A It must have been at about noon on the 21st.

Q Is this when he mentioned to you any intention of altering or shredding some documents?

A Well, in my own testimony I think that I said that in driving downtown that four or five things were mentioned, his suspicion that Mr. Ledeen had made some monetary gain from all these things and then we talked about family, and I think I said, and I think it now, that either then or in my office on Sunday he said that I am going to have to have a shredding party.

It could very well have been in that car ride going downtown. Whenever he mentioned it, my own answer, assuming that his point was to say that I am going to make sure that you McFarlane, are never vulnerable in this situation, was simply to say to him, listen, don't worry about me, tell the truth and I will back you up.

Q Well, at this point -- excuse me -- go back. Do you

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recall what time of day you got the call from the Attorney General to come over to his office?

A Well, I remember that I got the call from Ledeen with the request to come to his house, I think, at eleven, and that I was there at eleven, and Ledeen was there, and he was babysitting the kids, and there was a lot of turmoil and the dog got out and a repairman came to do something, and he came back finally and put some water on for tea, and North wasn't there.

He told me that he was coming or he, Ledeen, told me North was coming and sat down in the den and said I am givin you an account of how I recall my, Ledeen, role and he went on with this and it may have taken 20 or 30 minutes. At the end of it, I said that sounds to me like an accurate record according to what I remember.

And North at that point came up in a taxi outside and came on it, seemed a little bit pressed and he said I am sorry I am late and I can't stay, words that that effect.

Michael, I do, however, need to arrange to meet you, Ledeen, later on this afternoon, but I have got to go back downtown now.

Bud, can you give me a ride? I wasn't going downtown, but I agreed to do it because he looked like he was in some distress. I left at that point.

He stayed with Ledeen and I went across the

CAS-14 street, got my car, backed it around front, and after five minutes North got in the car and we drove off down Western Avenue.

He was kind of pensive for a while, and then made this comment to the effect that he was afraid that Michael may have made some money on this whole deal.

I said what do you mean by that, and then he passed it off, and changed the subject and we talked about children, a horse show, Tate, his daughter. At some point, and I am inclinded to think it was on that ride he said I am going to have to have a shredding party this weekend. I said, Ollie, don't do anything for me, tell the truth and I will back you up.

I don't think he mentioned the Attorney General.

Q Did you get a call from the Attorney General prior to this?

A No.

Q So you did not know that there was an inquiry by the Attorney General when you drove in the car with Colonel North?

A No.

Q When you said tell the truth --

A I told Admiral Poindexter, John, this is going to result in a very careful, thorough congressional inquiry into development of this and everything else and I told him the same thing in notes in November periodically and there was never any doubt in my mind that this had all the makings of a very significant inquiry.

Q So you obviously in that ride in the car did not tell Colonel North that you were going to speak to the Attorney General, because you had not yet received a call from him?

A No, I had not.

Q When you finally called Colonel North after your interview with the Attorney General, did he seem surprised that you had been interviewed by the Attorney General?

A No. I had the impression that he was aware of that. I don't know how.

Q Again, after your interview with the Attorney General, I believe that you contacted the State Department to find out if Secretary Shultz knew about the November shipment. Could you tell us what you did?

A Yes. Judge Sofaer's comments reflect my call because when I left I called his office and very straightforwardly said, Judge, I have just come from an interview with the Attorney General and I understand that the Secretary has a record of events concerning the Iran initiative and I just wanted to ask is it proper and authorized for me to have access to those.

He said, well, I don't know, but I will be glad to pass your request along.

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I said, fine, thanks very much, good-bye, and that is all.

Q Did you try to talk to Secretary of State Shultz directly?

A I don't know. If you had asked me, I wouldn't remember calling anybody else either, but I have seen a record someplace that I must have called Charlie Hill and put in the same request and noted that I had called Judge Sofaer.

I don't think I heard back from either one.

Q Did you ever see the note?

A No, I haven't.

Q Is it in the Tower Report?

MR. LEON: There is a public exhibit, Mr. McFarlane, when the transcript of Abe Sofaer's deposition was released last Thursday, there were certain exhibits that he was questioned about among which was a memorandum that Sofaer wrote to the Secretary of State advising him not to contact you.

MR. GARMENT: Were there notes involved, Shultz's notes, or Charlie Hill's notes in Geneva?

MR. MORGAN: I don't think they are an exhibit to that.

MR. GARMENT: There is such a document that you people have.

MR. LEON: There is an exhibit in Cooper's testimony --

CAS-17 the Hill note with certain redactions, was produced as an exhibit to the Hill testimony.

A portion of Hill's notes in which he recounts the Secretary's recollection of his conversation with Hill.

MR. MORGAN: We haven't seen those.

(Discussion off the record.)

BY MS. NAUGHTON:

Q Did Colonel North tell you either in the car or when you spoke to him from the pay phone after your interview with the Attorney General that he had consulted with an attorney?

A I don't think so. I think the first time he mentioned to me having engaged counsel was Sunday morning when he called me at home asking that I meet with him and his counsel that day.

Q Did Colonel North ever say during that weekened, including Friday through Sunday, that he had been designated the fall guy or a scapegoat, anything to that effect?

A I don't think he did. I think probably when he came to my office on that Sunday morning he may have made a passing reference to the fact that he was willing to take the fall or be the responsible person about it, and I don't think he ever implied that somebody else was intentionally making him a fall guy for it.

Q When he mentioned that there would be -- that he would have to have a shredding party, did he mention the kind of time frame he was dealing with? In other words, did he mention I have X number of hours to do it or X number of days to do it, anything like that?

A Well, I think he said I am going to have to have a shredding party this weekened. That is as much as I remember about it.

Q Now, on Saturday, the 22nd of November, did you speak to anyone in the United States Government pertaining to the topics we are discussing?

A I don't think so.

Q So you didn't speak to Colonel North on Saturday the 22nd?

A I don't think I did.

Q On Sunday morning then, you heard from Colonel North?

A Yes.

Q Approximately what time was that?

A Well, I would guess about 9:15 because we were getting ready to leave for church, and I was kind of pressed, so I didn't stay on the phone long.

Q Did you agree to meet with Colonel North after church?

A Yes. He asked when he get together and I said we are going out the door but I suppose we could meet at noon in my office. He had said, well, I don't know where, maybe in a hotel room someplace.

I said, come to my office at noon. He mentioned that he was going to have his lawyer with him. I said, fine, I will see you at noon.

So we went to church, came home and I went on downtown and got there about noon and put some coffee on, nobody else was there.

I called the security guard and told him to expect North. I wasn't sure who his lawyer was, so I didn't give him any name for him. And went on upstairs, put the coffee on and was waiting for him. 12:30, half an hour later, he came in and seemed a little harried as before.

Came into my inner office, and remained standing, I think.

I remember standing there with him for five or ten minutes. I said, hi, how are you, and pleasantries, and then he said, well, it is not great, we are -- we have gotten into an enormous problem here, and he said so far I think everything is on track, but he said there is one thing that is going to be a problem, and that is the shifting the use, the channelling of some profits from the Iran money to the contras.

And I said, well, that was approved, wasn't it?

He said, yes, you know I wouldn't do anything that wasn't approved. I said, we will just lay it out and it will

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be all right.

And the only other thing he said was, I believe, well, it is a matter of record. I put it in a memo to the Admiral -- I thought he said in February or March -- but I said, well, let it out. It isn't you, it is whoever approved it.

Q Did he say who had approved it?

A No, he didn't.

Q Did he say how he knew that that would be a problem, in other words, had anybody alerted him to that problem or did he just --

A I think it was his own conclusion that he had drawn on his own that surely using this money to use for another program wasn't right. But I had -- I was surprised a little at the time that -- well, more disappointed than surprised, but it was clear that my own assumption that this had been a coherent program really wasn't so.

But it was clear at that point because he said that he thought it was going to be a problem. Well, at about that time his lawyer came in and he introduced him and we all sat down in my inner office, and Mr. --

MR. MORGAN: May I interrupt for a second?

I think you previously testified that you did have one other conversation at the White House a few days before that when you did mention diversion was a problem, I don't

CAS-21 know what you used as the term for diversion, had discussed it on one occasion at least as being a problem.

THE WITNESS: Where I raised it, this is either the night of the 18th or when I went by to pick up a copy of the opening statement on the 19th, I went to Admiral Poindexter's office and broke in on a meeting that was breaking up on the morning of the 19th, and the meeting had included Mr. Keil, Admiral Poindexter's Deputy, Mr. Howard Teicher and Colonel North, and I went in, everyone stood and started to leave, and Colonel North made a comment to the effect that in that session they were concluding that I think we have everything tied up and I don't see any problems.

And gratuitously I said, well, I think you have a problem on the channelling of money to contras. And Colonel North kind of winced. He and Mr. Teicher continued on out of the office, and Colonel North came back in and said Howard doesn't know anything about that. And I said to John and to Keil and to him that, well, don't kid yourself, that is a problem.

BY MS. NAUGHTON:

Q But he didn't mention at the time he had memorialized it in writing?

A No.

Q Did you assume then that Mr. Keil knew about it?

A Well, if he hadn't, he did then. I don't know.

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Q When Colonel North was in your office around 12:30 on Sunday, did he mention whether or not the Department of Justice team was at the NSC the day before reviewing NSC documents?

A I don't recall that he did, no.

Q Did he mention whether or not he had spoken to Director Casey on Saturday or Sunday morning?

A No, I don't think so.

Q Did he discuss whether or not he had spoken to Attorney General Meese on Saturday or early Sunday?

A No.

MR. GARMENT: Wasn't he going to see Meese that afternoon?

THE WITNESS: Well, he was, but I am not sure he told me that. The only other thing that I haven't already recounted here in that meeting was that when his attorney came in we all sat down. His attorney, Mr. Green, I think by way of introduction, just kind of said autobiographical things, that he had been Assistant U.S. Attorney and he had been associated with I guess he said problems of this kind, but that he went on to say that he had always found it best in proceedings like this that you just simply told your story truthfully and let the chips fall where they may or something like that, which didn't make any particular impression, and about that time General Secord or somebody

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knocked at the door, it turned out to be General Secord, I had not expected him, but by that time it was a quarter of on or so, and I had made an appointment with a journalist for one o'clock at the Jefferson, and I said that I had to leave and I excused myself and left the three of them in my office at about 12:45 on the 23rd.

When I reached the Jefferson I called back and reache somebody, probably Mr. Green in my office, and asked him to turn the coffee off if they left. It burns up.

BY MS. NAUGHTON:

Q Who did you understand Mr. Green to represent, just Colonel North or did you understand him to represent General Secord or anyone else, was that made clear to you?

A At the time I would say he was just Colonel North's counsel. I really didn't stay long enough, however, to learn what his relationship was, if any, to Mr. Secord.

Q Did Mr. Green tell you what he was doing there, what the purpose of he and Colonel North and General Secord was to meet?

A He didn't say anything about going, for example, to the Attorney General that day or any other time. He said that he was going to represent Ollie in proceedings or whatever lies ahead. I didn't leave there knowing that he was going anywhere, I don't think.

Q Did you know that Colonel North was going to speak

S-24 to the Attorney General that afternoon?

A I don't think I did.

Q Did Mr. Green make any references to Albert Hakim on Sunday?

A No, he didn't.

Q And Mr. Hakim was not part of that meeting, to your knowledge, was he?

A He was never present when I was there.

Q Did Colonel North call you any time after his interview with the Attorney General?

A I don't believe he did, no. The next time I talked to Colonel North, I believe, was very late Tuesday night when I was in London, but this was after everything had all changed quite a lot.

Q Did he say whose idea it was or whose decision it was to dismiss him from the National Security Council?

A Well, I learned that on Tuesday after it occurred. Should I go beforehand through the Monday interview with the A.G. --

Q Yes, why don't you?

A The next day on Monday, after this Sunday session with North, I was at home preparing a speech on the computer that I had to give the next day in London and I received a call from my office, I think, that the Attorney General was trying to reach me so I called him and he said that in the course of his interviews that he had turned up some other details he would like to talk about and could I come down right away and I did. I got there and he said that he had learned that there had been a channelling of money from the Iran funds that were paid to the contras and did I know about that.

I said, yes, I did, that I had been told by North in connection with a trip that I had made in May to Iran, that they had applied or we had applied or the U.S. Government had applied some of the monies to Central America, and I recited for him this recollection.

I asked him, it was approved, wasn't it, when I first heard it, and he said, yes, I wouldn't do anything that wasn't approved.

He asked, did I tell anyone? I said, no, I took it to be a matter that was part of the Iran enterprise and didn't mention it to anybody.

It was a short meeting. I think that was about the size of it.

At the end I said, Ed, I told John three weeks ago that I think it is in everybody's interest that you ought to get two things done, first, get all the truth out, as I take it you are doing right now, but second, you have to have the President able to lead again in international affairs, and I recommend that you develop several initiatives in foreign

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policy and perhaps in domestic policy that he can promote as a new agenda and if you like I will be glad to work on some of those, in fact, I already have been.

He said, fine, would you drop it off at my house. I said I would be glad to.

So I went home and began working on these things that I had been working on at the cabin. I had to catch a plane at Dulles so didn't quite finish, but wrote them out and put them through the door of Mr. Meese's house and then went to the airport and arrived in London the next morning and went directly to my hotel, which I think was the Grosvenor, and then put this business out of my mind for several hours and walked around Hyde Park and bought something for the kids, I think, and came back at about twilight or six o'clock or so, turned on the BBC and heard that there had been that day, Tuesday, in Washington an announcement at a press conference by the Attorney General, and that as a consequence Admiral Poindexter had been reassigned and Colonel North had resigned.

So I called back to Washington to -- I want to say North, but it may have been Wilma, my former secretary -- just to get what the lowdown was, and I don't think I got it. But my hosts there in London came to my suite at that point and after sitting down and having a cocktail we went off to this evening function that I was speaking at and it

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was quite a long thing and I got back to the room at about 11:30 that night, turned on the BBC, heard basically the same report again, and so I could tell, because I think in this report it said that there had been this diversion and that Mr. Meese had said in the course of the press conference that Mr. McFarlane was aware of it and no one else -- so it was apparent and, in fact, I had had reporters kind of beseige the car when it arrived at the speaking site, so I knew I was going to have to comment and say something about it so I sat down and I wrote a one paragraph statement of how I had become aware of the diversion, and it was my own recollection, but I thought that if it wasn't true, I shouldn't say it.

So I called back to North at that point and I reached him in his office and I said, Ollie, I have heard what has happened here, tell me about it. He had been fired and I said what is the story, and he said, I don't know.

I went to work this morning and I was prepared to resign and so forth and we had a big session with the Attorney General and Don Regan and I left it thinking I was going to be allowed to resign and then I learned on the television that I am fired.

I don't know whether that is true or not, but that is what he said. I said I was sorry, that he had always acted as a subordinate taking orders and I was confident that he would be okay. He said that he had heard the news

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and was getting a lot of questions in London and I had written out a statement and was going to read it, if it is not accurate, say so.

I read it to him and he said that is accurate. The last part of the statement said at the time I took it to be a matter of approved policy. I said is that right, Ollie, wasn't it approved? He said, yes, it was, I wouldn't do anything that wasn't.

I said, well, I am sorry, take care, I will be back tomorrow, good-bye.

Then I called AP and UPI in Washington to get the statement on the record and that was all.

Q So Colonel North said that he actually heard about his firing on television; is that correct?

A That was his account, on the telephone call, yes.

Q If I can go back on Monday in your conversation with the Attorney General, did he ask you if there was anything memorialized in writing, anything else other than the memo that they had found?

A I think he probably did. And I said, well, I didn't know of any of the paper in question. I think he told me, he said we found a memorandum that Ollie sent to Admiral Poindexter, and he said what do you know about this, and I said, well, I know about it, what I learned on the trip in May. And that is all.

Q Did he ask you if there was a cover memo? Did you discuss a cover memo at all with him?

A He may have asked me that. I said I don't know anything about it. What I know is what I have told you about --

MR. GARMENT: You hadn't seen it before?

THE WITNESS: No, Ollie told me about it on the tarmac.

MR. GARMENT: Told you about the transaction?

THE WITNESS: Yes.

BY MS. NAUGHTON:

Q When you met with the Attorney General on Monday morning, was anyone with him?

A If you had asked me, I would have said Mr. Cooper and that is why I am surprised there weren't any notes. I thought he was there.

Q Do you recall anything that he might have done or said or was wearing or anything, waiting for him to show up in the room or him being there when you got there?

MR. MORGAN: I don't know if it will help refresh his recollection, but didn't Mr. Cooper testify that he was not there?

MR. GARMENT: And nobody else was there, there are no notes -- was your recollection?

THE WITNESS: Well, I do have a pretty solid recollection of his being there obviously on Friday. I don't have the same vivid recall of his having a chair here and Meese there and me here on Monday, so it isn't hard and fast. But if you had asked me a week ago was he there, I would have said, yes, he was there, I thought he was.

MR. GARMENT: The records show that he was at the State Department at that time?

MR. LEON: The records indicate that he testified that he was at the State Department at that time meeting with Hill and Sofaer and his chronology simply indicates the same thing.

BY MS. NAUGHTON:

Q Was anyone else there that you may have mistaken for Cooper in your recollection?

A I think I would remember being introduced to somebody different and I wasn't.

Q Do you know whether or not the Attorney General took any notes of your conversation?

A Well, I think he had a legal pad, but I don't -- it was a very short meeting and he never paused to write something down. He may have written something down afterward.

Q You didn't take any notes in this meeting?

A No, I didn't.

Q Is that the last time you spoke with the Attorney General regarding this topic?

A Yes, it is.

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Q When you left his office that morning, Monday morning, what was your sense of what was going to happen, if anything?

A I better amend my last answer. It wasn't the last time that day, because after I left his office, went home, worked more on those four ideas, went to his house, dropped them off, I wasn't sure that I got it in the right house because it is a very kind of a muse, the way you get to Mr. Meese's house, and it didn't have a number on it.

So I got out to the airport and had to wait about a half-hour and I called and I think I got him and I said I have dropped it off at your house, this letter.

He said, I got it, and that was all. That is the last communication we had and he didn't discuss the issues.

Q Did he ever -- I will repeat my last question, which was when you left the meeting with him on Monday morning, did you get a sense of what was going to happen, if anything?

A I didn't. He didn't say what was going to happen. He may have said that he was going to report to the President and he would stay in touch, but --

Q In other words, he didn't tell you he was planning a press conference?

A No.

Q Did he -- was there any discussion of whether or not

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this information should be closely held?

A No.

Q Was it sort of understood that you would hold it close or did you have any sense of that?

A Well, I suppose I always operated under a presumption that national security matters are closed guarded and I considered this in that context.

Q You said that you saw Mr. Cooper's public testimony on television. Is there anything that he said in his testimony that struck you as inaccurate or contrary to your recollection?

A Well, I believe what I said is that I saw the transcript, and I did, and I was quite upset not by any kind of concrete error or contradiction, but by the accumulative inference, really, that in November of 1986 that I had been portrayed as kind of a working member of the team that was organizing a cover-up for a conspiracy, and I knew in point of fact that my total physical presence in this city had only been a matter of hours in the whole week.

I was in Mexico and Chicago and Las Vegas and at my cabin in Virginia for two days. So I was concerned about it, but actually at about the time or within a day I had a call from counsel, who had separately seen another-- well, a journalist picking up on that account that implied that I had been in the meeting with Mr. Casey and Mr. Wallison and others on the 20th of November.

I wasn't there, but it was being repeated based upon impressions gained by journalists from that testimony so I was concerned and asked Len to request that we have a chance to correct the record because I wasn't even in the city, much less party to any of those meetings.

Q I think we have corrected that at least for our purposes today.

Was there anything else in Mr. Cooper's testimony going over it that you didn't agree with or thought was inaccurate?

A One part I could credit as a fair statement, but I was dismayed about it. There was a statement in his testimony that I had appeared to be ill at ease --

MR. GARMENT: Less than forthright. You were not forthcoming.

BY MS. NAUGHTON:

Q He said both. He said he seemed ill at ease at one point and at another less than forthcoming.

A The part about being ill at ease, I think I could credit that as being a reasonable impression because I thought in coming from my exposure to the White House's view of this matter on November 18th, that I was being fed a little bit of information that I had no personal recall of, for example, the original view, according to Colonel North, that he had thought this was oil drilling equipment when he began to help the Defense Minister on the 18th back in 1985. Well, I didn't know that, and yet here I was telling the Attorney General that here by hearsay is an account of it, that we collectively, but including myself, we believe that this was a matter of oil drilling parts from the beginning, and I was taking somebody's word for it.

I never had reason not to, but still it wasn't my first-hand recall that that was the fact. I couldn't blame that on Mr. Cooper, that was probably a reasonable impression, but I tell you, I think that that testimony was of a loyal aid, but it wasn't fair.

You can make your own judgments about it, but to imply in rather loosely drawn language that what now seems to me to have been a cabal of people that had very purposeful intentions to cover this thing up, and that I was party to that, it is not a reasonable picture to draw of Mr. Cooper or anybody else.

MR. GARMENT: By Mr. Cooper?

THE WITNESS: Yes.

MR. MORGAN: I don't know if you have read all of his testimony, but you read selected portions of it?

THE WITNESS: Right.

BY MS. NAUGHTON:

Q Thank you for clarifying that.

There was a story that appeared in the Los Angeles

`S-35 Times the following weekend around November 28 or 29 that there had been some shredding at the NSC.

Are you aware of the source of that story, who that would have been?

A I am not. I might be able to speculate. Who was the author of the story?

Q Jack Nelson.

A I can't stand him, so I wouldn't know about it. I guess I don't. The bureau chief, his beat is not specific to the CIA or Defense or the White House. He covers all of them.

Q Do you know what his relationship was with Mr. Regan?

A It was good, I believe.

Q To your knowledge, did the Attorney General have any knowledge of Colonel North's involvement in the contra resupply operation?

A I don't know that first-hand. I imagine he did. That is pure guesswork.

Q What would lead you to speculate on that?

A Well, I have learned in the last six months that Colonel North worked more closely with the Attorney General than I believed when I was in Government. I did know that one of the occasions for that was the use of Drug Enforcement Agency agents in trying to establish a channel to the captors of the American hostages in Lebanon, and I had referred

Colonel North to the Attorney General, and so was aware that he went to him to get his authority and his guidance. I was not aware that that then led to fairly frequent meetings between the two of them, and if that is the case, and I am told that the evidence is that it is, then I imagine that Ollie shared with the Attorney General some of the efforts he was making to support the contras.

Now, that is a very speculative thing to say, but --

Q When you say it is your understanding that the -- they were in contact more frequently than you had supposed, where is the source of this information?

A Just public accounts I have seen and I may be in error, but I have seen reports that he had a number of meetings with him.

Q Do you know whether or not the Attorney General had ever directed potential contributors to the private resupply effort to Colonel North?

A I have never heard of any such reference.

Q To back up on the DEA point, do you know whether or not as a matter of fact that Colonel North had briefed the Attorney General on the DEA operation?

A I am sure that he did, because on one occasion --

MR. LEON: Is that the DEA operation in Iran, Mr. McFarlane?

THE WITNESS: Was there one of those --

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MR. LEON: To get hostages out?

MR. GARMENT: That was in Lebanon.

THE WITNESS: I know that that was briefed to Colonel North because of a subsequent encounter between myself and Mr. Meese he said, yes, Ollie has brought me up-to-speed on that and I am keeping an eye on it.

BY MS. NAUGHTON:

Q Were there any specifics discussed with the Attorney General and yourself?

A No. If it didn't involve Russians, I didn't want to know about it.

Q Did Colonel North write you any memoranda or PROF note on his briefing with the Attorney General on the DEA operation confirming that he had done so and what the Attorney General's response was?

A I bet you there is a memo on it. That is the kind of thing that Colonel North would have memorialized in a memorandum. I am saying that based on logic and habit, but I imagine that that is in the file rather than a PROF note. It could have been the latter. Periodically he did send me PROF notes on the status of the operation and what was going on.

Q So you were aware of private monies being used to help this operation along?

A No. In fact, the note that I am recalling was one --

it wasn't even a note -- it was a memorandum that I have seen in these proceedings, I think with the Tower Board, that made a passing reference at a memorandum giving the status of his efforts to DEA to the fact that part of the payments would be to [redacted] and so forth, and it would take inter alia $60,000, which would come from funds normally available to the contras, and that didn't make an impression on me at the time.

Q This was a memo that I believe was in your exhibit book when you testified publicly?

A Yes.

Q Were you -- I guess I will ask the question in a different way.

Were you ever aware that private monies were being solicited by Colonel North for this effort in which the DEA agents were involved?

A Well, I did know at one point of the intention by Colonel North with the Attorney General's approval to have monies for bribing [redacted] paid by Mr. Perot, yes, I did.

Q And how do you know that the Attorney General approved that?

A Colonel North said that he had. And explained to me the Attorney General's reasoning and it is hearsay from Colonel North, but he said that because we could not use U.S. Government funds for bribing [redacted] I guess the criminal act or something -- that it was different if a private citizen provided the money and the Attorney General had approved it, and that was good enough for me.

Q Do you recall -- this may be unfair, do you recall approximately when this would have been?

It may help you if I add that we believe from documents that there were operational activities and Perot money exchanged somewhere around May or June of 1985. Would that be approximately the correct time frame?

A That sounds right, yes.

Q Do you know whether or not indeed money was given by Mr. Perot for this operation?

A I don't know for sure that it was. For what it is worth, a year later I was out of the government and on this mission to Tehran, and I think I have testified that when I got back ~~of~~ from Iran into Israel and was on the airstrip and reporting back by radio to Washington here, that Colonel North had told me this cryptic comment about the diversion, but then I learned either from him or from Mr. Teicher that he had gone off somewhere at Ben Gurion Airport to try to make contact with his man [redacted] to determine whether or not the other channel to the captors had materialized or developed, that if the Iran operation had not worked that he had another possibility that involved a contact [redacted] and that he was going off to research that.

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End of encounter. I came home, debriefed the President a day or so, went back to private life. I got a call from Ollie within a week -- you sparked me to remember this, I haven't remembered it before -- he said, remember when we were out there and I was trying to check up on this [redacted] well, it fell through and it is a long story that isn't worth repeating, he said, but he said I got in trouble with Ross because I had his money, and I think he said a million dollars out of the bank for a week, and he lost a lot of interest.

And he said, do you mind calling Ross and explaining to him that I wasn't trying to embezzle his money, that he has it all back, and that I am sorry that I didn't stay in better touch with him.

He implied that Perot had said to him in a call that, you know, you have lost me X thousands of dollars on this money but the point was really that Ollie hadn't kept in touch with him, and so this was a little much.

I mean, I was not in the operation, I didn't know about it, I didn't know anything regarding this money transaction.

I was trying to be a private citizen, and I said, well, if I see Ross, I will mention it to him. I don't know why he didn't ask Admiral Poindexter.

Maybe he didn't know Ross. There came a time when I

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did see Ross, and I went up to him and said, look, don't be too hard on Ollie. He said I have calmed down about that, don't worry about it.

Q Did Colonel North ever brief you on his encounters with the phony Saudi prince Masudy?

A I never heard about that at all, no.

end 2

Q Do you know whether or not Colonel North or anyone at the National Security Council had ever contacted anybody at Department of Justice or FBI regarding any ongoing criminal investigations into the private contra supply operation?

A I never heard of any inquiry in that context at all.

Q Thank you very much for your patience. I think that is all I have.

(Discussion off the record)

BY MS. NAUGHTON:

Q We are back on the record.

We would just like to call attention to a minor correction in Exhibit No. 7. On page 9, Mr. McFarlane stated that he arrived at his home about 6 p.m. that evening and the exhibit read 5 p.m. So we have made that correction in the deposition exhibit.

BY MR. LEON:

Q Mr. McFarlane, I am going to try to be very brief and very quick about this. I will be the first to tell you that I would be a lot better prepared had I known what was going to be covered by the Senate and covered by the House. I don't think, and I hope that upon reviewing these documents after the fact, I won't have any new questions that I have to trouble you with down the road.

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Let me start with the first document that was introduced as an exhibit. I believe you testified you don't have any recollection of this being drafted of this meeting, is that accurate? That is Exhibit 1, I believe it is. It is a memorandum dated March 8, 1985, prepared by North for McFarlane to Max Friedersdorf, which beings on page N. 40600.

A Yes, I believe I testified that I have no recollection of having seen the memorandum, although I have confirmed that the meeting it summarizes did in fact occur.

Q And it was prepared by Colonel North, right, so it appears. The cover sheet makes reference to an attachment of a self-explanatory memo from you to Max Friederdorf?

A Well, normally it would have Colonel North's initial on it, and I take your word for it though that it is.

Q I don't know, frankly. I guess neither of us knows who prepared the darn thing. Let me clarify a few things about it. There is a Representative Robert McCollum, R., Florida referred to on there. Do you have reason to think that that is an error, that it is referring to Wiliam McCollum?

A It probably refers to William McCollum.

Q Was there a Robert McCollum also from Florida?

A Not to my knowledge.

Q Do you have any recollection of William McCollum being at this meeting?

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Q I don't recall the meeting at all. As I say, I am sure it occurred, yet I don't recall any of these participants saying anything in particular.

A I think you commented that it was shocking to read that reference with regard to Mr. Hyde because you thought it would be shocking for him to suggest something illegal. I think that was your testimony?

A Yes.

Q Let me just comment on one point in this regard. As I read this memorandum, the operative sentence regarding Mr. Hydes reads as follows:

"Henry Hyde felt that we should expand private sector and third country assistance, such as [redacted] in the effort to support the resistance."

I don't see any other reference to what Henry Hyde said or felt, or anything along those lines. Is that right?

A Yes.

Q In this memorandum?

A In my earlier comment, I said that it stood out to me because of two things:

First, that it suggested a prior awareness on Congressman Hyde's part when it says expand -- you have got to expand from something that he knew, and if he knew, I would be surprised, but something he did, which I doubt, that he would suggest furtherance of an illegal act is outrageous and I don't believe it.

Q I agree with that, but I just want to cause you to pause if I could, on the word "illegal." Even assuming that this sentence is an accurate statement, am I not correct to state that it doesn't necessarily call for anything illegal in that it doesn't talk about military support as opposed to humanitarian support, and on top of that, prior to the date of this memorandum of February 23, 1985, is it not a fact that at least one of those two countries had in fact made a contribution to the U.S. -- I mean, to the contra effort after discussions with you?

A I think your statement is accurate. I suppose I was putting a different interpretation or stress on this same thing Henry Hyde felt that we should expand private sector -- we being if not Hyde and North and McFarlane, the U.S. Government should expand [redacted] support, and while I suppose Boland II did not foreclose third country assistance, if it did not support military or paramilitary activities, my own interpretation on what role we, my staff, the U.S. Government, could take was that we could not solicit anything for anything.

Q Well, I guess I was just troubled by your use of the word illegality, and I must say that since Boland applied to the use of appropriated funds, and since this sentence doesn't even suggest the expenditure of appropriated funds, I am just wondering whether you really intend to use the word illegality that might be suggested here?

A Well, I am not qualified to make a judgment on the lawfulness of any actions which may have flowed from that.

Q But the bottom line is you have no recollection of that ever taking place?

A No, nor of ever seeing the memo.

Q Shultz's reaction to your informing him, according to Cooper's testimony the other day, was that he told the Attorney General that he was upset that you were informing him of an upcoming shipment of Hawk missiles from Israel to Iran. Do you recall him registering being upset to you?

A No.

Q Do you recall him stating or threatening anything that he was going to go to the President about the matter at that time?

A No.

Q I was just wondering if that happened?

A No.

Q Do you have any knowledge as to whether he, after that fact, ever complained to the President about the shipment of Hawks in the discussions you had with him?

A I doubt it. I do not know for certain --

Q You have never been informed that he did?

A I seriously doubt it. I have not. And he always

TOP SECRET

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told me if he had a problem. He didn't.

Q With regard to the proposed finding, I think you will recall in your testimony that there was an exhibit of a proposed finding of November 26th that Director Casey sent over to you with a cover memo, and I believe your testimony was it went to Admiral Poindexter. You were out of town and Admiral Poindexter received it. Do you recall that generally?

A I did. I guess I would make one minor point, and that is that it was not addressed to me. It was addressed to Admiral Poindexter and I don't believe that I ever saw it.

Q Okay. Did Admiral Poindexter ever indicate to you that he had had it signed by the President?

A No. And as a kind of a logistics issue, the President was physically in California, and so the Admiral could not have gotten it signed except by having me do it, and I know that didn't happen until the President got back on 3 December.

Q Did he ever indicate to you at a later time that as to that particular proposed finding he had gotten it signed?

A I don't think so.

Q I believe you testified with regard to the -- your reason why you didn't tell the Attorney General on Friday evening about the diversion, so I am not going to go back into that.

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The focus is on Monday morning the 24th. When you met with the Attorney General, and he informed you that he had found out about a diversion memo from Colonel North the preceding evening, you testified that you confirmed that you were aware of that?

A Yes.

Q What, if any, action did the Attorney General have if you recall, to your confirming that you had known about it?

A Well, he said tell me about it, how you learned of it, and what you did, and so forth, and he just let me talk and summarize this exchange.

I think when he asked me that it wasn't as concrete as to be able to tell him it happened on the tarmac late in the day the next time, but I told him that some time on the trip I had learned about this. I couldn't pin it down.

He said, what happened when you got back?

And I told him about the debriefing.

He said, did you tell anybody else? I think he said didn't this bother you?

I said, it seemed to me at the time that it was part of actions that were approved collectively, but I did urge Admiral Poindexter to have Colonel North reassigned, based on my own judgment that he was operating at a point of exhaustion and in very high risk areas.

Q When the Attorney General said to you, didn't it bother you when you learned about the diversion, was he calm when he said that or did he register any emotion in terms of being upset?

A Well, he never seemed upset to me, but that is his normal condition. He is a composed person.

Q Would you describe him as being unflappable?

A Taciturn, yes.

MR. GARMENT: A "taciturney general!"

BY MR. LEON:

Q From your experience in dealing with him over many years, would you say that it is uncommon for him to register if he is upset, to register it in bursts of emotion?

A Yes. I have never seen him that he wasn't fully composed and fully calm.

Q So even when he gets bad news or news that could be bad news about -- politically bad news, or sensitive news it doesn't cause him to fly off the handle or to register emotion?

A No sir.

Q Did he ask you if you had checked with Admiral Poindexter to see if he had approved the diversion plan? If you recall?

A I think it is likely he did and I said that I did not.

Q Let me ask you about one of these exhibits here. These notes that Charles Cooper took of your interview with the Attorney General were already exhibits in your testimony, exhibits 67, and I will ask that they be incorporated by reference into the exhibits for this particular deposition. When Cooper went over his notes in his testimony the other day, he acknowledged that he had left the word "not" out of his notes and I will point out to you where he testified that he wanted the word "not" inserted.

I will direct your attention here to a copy of the notes, the fourth page of notes, marked in the upper right corner with a number, the origin of which I am not certain, but it is 3096. Directing your attention to the December 7th line, Assistant Attorney General Cooper testified that upon his recollection, the word "not" should have been included after the word "should" on the December 7th line such as it read:

"M" -- standing for McFarlane -- "said we should not provide arms" -- I can't read the next word, I don't know if you can -- McFarlane --

A "No talks re problem with arms already given by Israel."

Q Would the insertion of the word not there be consistent with what you told the Attorney General on that

Friday afternoon interview with Mr. Cooper present?

A Yes, it would.

MR. GARMENT: Anybody ever figure out the last line that doesn't appear -- there must be an original. Do you know which line I am referring to?

MR. MORGAN: Why don't we go off the record for a second?

(Discussion off the record)

MR. LEON: With regard to November 23rd, I believe it was, you have testified that -- excuse me -- November 21st -- I believe you testified from your recollection that in your conversation with Colonel North after you had met with the Attorney General, you got the impression from him to the effect that perhaps one of his friends inside the Bureau -- referring to the FBI, I believe -- had suggested that his phones were likely to be surveyed as well as yours. Is that consistent with your recollection?

A Yes.

Q And you also I believe, testified that he might have commented on that same occasion to the effect that "I have been urged to get counsel." That was part and parcel of it without identifying who it was that urged him to get counsel?

A Yes.

Q Would it be possible it was the same person in the same conversation who suggested both things, that he get counsel and your lines and his might be bugged?

A It is possible.

Q Did he ever mention a person named Buck Revell at the FBI as a friend of his?

A Yes.

Q Did you know about their working relationship on terrorist actions at the Bureau?

A Yes.

Q Might it be possible that he was the friend he was referring to at the Bureau -- at least theoretically possible?

A It is possible.

Q With respect to the Attorney General, I believe that Ms. Naughton asked you if you had any knowledge whether or not Colonel North had ever informed the Attorney General about Colonel North's activities vis-a-vis contras and contra resupplies, and that you said you didn't have any knowledge, but that you could speculate in that area?

A It is purely speculation on my part. I am inclined to think that he probably did.

Q But that is based upon your understanding -- your speculation, as I understood it, was based upon your understanding that they had had a meeting with regard to the release~~d~~ of hostages in the Middle East?

A Yes. And I should not speculate. It seems natural to me in the context of the discussion of where the money was coming from, and that may not be the case.

Q But then experience has indicated, has it not, that a lot of things that Colonel North would naturally bring to the attention of people, he had not. For example, as I recall your testimony, when you appeared before the committee in public hearings, there were events, for example, a meeting in Miami at a hotel that Colonel North met with a number of contra leaders, while you were still National Security Advisor, his supervisor, and he never informed you of that -- during testifying to that -- that he never informed you of that event, and you were his boss?

A There may have been a meeting he didn't tell me about. His meeting there, the San Jose declaration, he informed me of.

Q Then, of course, there were the missions that he sent Gaston Sigur on that you were questioned about in your public testimony as to whether he had informed you that he had taken it upon himself to ask Gaston Sigur, who was a advisor to the NSC, to visit with certain countries?

A Yes.

Q As I recall your testimony, North had not told you that he had sent Gaston Sigur to two separate countries [redacted] to solicit funds?

A Yes.

~~TOP SECRET~~ UNCLASSIFIED

Q At the time that that occurred, you were his boss and the National Security Advisor to the President?

A Yes.

Q It would have been logical for all people working at the NSC to have thought he would have told you about that, too?

A Yes. I think the compatability in those statements lie in the different kinds of reception he would have. Mr. Meese was connected to the conservative constituency, so he might expect a different reception. I don't know that.

Q When the Attorney General found out about the diversion memo he went to the President of the United States about it forthwith, after confronting North with it?

A Yes.

Q So we do know that for certain?

A Yes.

Q One might speculate that if the Attorney General was aware of anything going on by North, that was unlawful in Central America, he would have done the same thing, is that not a reasonable inference?

A Certainly. The point is that he may not have believed that there was illegal activity.

MR. LEON: I don't think I have any other questions, Mr. McFarlane. I, too, want to join in the comment of Ms. Naughton that we very much appreciate your coming out

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here at this late hour of the day and sitting here so patiently and working so hard to recall the events. It is appreciated very much.

Thank you, Mr. McFarlane.

MR. MORTON: Two quick questions, just to clear up the record.

Mr. McFarlane, Ms. Naughton asked you if you had heard after November '85 about any further discussions about the managers of replenishment of TOW missiles and I believe you said you didn't recall. Since then, I spoke with you at the break about a PROF note you received in '86. Did that refresh your recollection?

A Yes. I should have noted that after I left the government a question arose in Colonel North's mind about whether or not the Secretary of State was witnessing -- excuse me -- he asked whether or not when the original decision was made by the President to allow Israel to sell arms and then to come to us for replacements, was it clear that Israel had to pay us for the replaced arms. And I informed them yes, that indeed is the case. Israel always understood that they had to pay for whatever they bought and that is the only change.

MR. MORTON: The second point is you stated that in response to questions from Ms. Naughton that Oliver North told you in November '86 that you -- that he hoped you would not be harmed by anything that happened. I think previously, you testified that the "you" was plural and included the President of the United States and Admiral Poindexter and yourself. Is that still your recollection?

THE WITNESS: Yes.

MS. NAUGHTON: Was there any issue of replenishment being a higher grade TOW missile than what the Israelis had sent? In other words, they were sending cheaper missiles, they were obviously going to be replaced with more expensive missiles. Was there ever a complaint on the part of the Israelis that they would have to eat that additional cost?

THE WITNESS: I am not aware of the details of it, but I recall Colonel North saying to me, a cryptic comment, that we have had all kinds of problems with the model, where they shipped one version of Hawks and they wanted I-Hawks or Improved Hawks, and I won't bore you with it, and he didn't, and I don't think you want to be bored with it.

I am afraid I don't know anything more about it.

MR. GARMENT: I request how much or how little you use of this deposition, that you make available for the public record the documents that we have prepared and furnished you as exhibits to Mr. McFarlane's further deposition.

(Whereupon, at 8:40 p.m., the deposition was adjourned.)

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

8/8/85

1652
8 MAR 85

1414

N 40599

March 8, 1985

03/85
02/85

~~CONFIDENTIAL~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Meeting with House Permanent Select Committee on Intelligence (HPSCI)

Attached at Tab I is a self-explanatory memo from you to Max Friedersdorf responding to his memo at Tab II.

RECOMMENDATION

That you initial and forward your memo to Max Friedersdorf.

Approve _____ Disapprove ______

Attachments
Tab I - McFarlane Memo to Friedersdorf
Tab II - Friedersdorf Memo to McFarlane of February 28, 1985

1199

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

awolf Box 21-29
3/31/87

~~CONFIDENTIAL~~
Declassify: OADR

UNCLASSIFIED
CONFIDENTIAL

MEMORANDUM

UNCLASSIFIED

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

1652

~~CONFIDENTIAL~~

N 40C00

MEMORANDUM FOR MAX L. FRIEDERSDORF

FROM: BUD MCFARLANE

SUBJECT: Meeting with Members of the House Permanent Select Committee on Intelligence (HPSCI)

Per you memo of February 28, 1985, I met with the following members of the HPSCI on March 4, 1985:

Representative Robert Stump (R-AZ)
Representative Robert Livingston (R-LA)
Representative Henry Hyde (R-IL)
Representative Robert McCollum (R-FL)

Bob McCollum expressed belief that [redacted] found U.S. aid essential to the success of the Nicaraguan resistance and need for increased lobbying on the Hill

Henry Hyde felt that we should expand private sector and third country assistance, such as [redacted] in the effort to support the resistance. I explained why these are just not tenable alternatives--for the freedom fighters or for us.

Bob Stump indicated that we needed to get on with some "hard bargaining" if we plan to win the vote.

Bob Livingston had obviously done the most thinking about the problem and made a strong case for a well orchestrated effort. He noted that we had great need of a vote count before we go too much further and start disipating our energies.

In short, it was a good session. They were all emphatic that it will take a well executed plan to get the votes that we need. We committed to help get as much as possible declassifed and to set up a series of briefings both here and on the Hill. I also stressed the need to get as many members as possible down to the region to meet with Duarte, Suazo, Monge and the resistance.

If you feel that this kind of session helps, keep 'em coming!.

~~CONFIDENTIAL~~
Declassify: OADR

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UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

1652

February 28, 1985

N 40601

TO: BUD MCFARLANE

FROM: MAX L. FRIEDERSDORF

SUBJECT: Meeting with Republican Members of House Select Committee on Intelligence

Bud, could you meet with this group?

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THE WHITE HOUSE

WASHINGTON

2/22/85
22 Feb 85

February 22, 1985

N 4060

MEMORANDUM FOR ROBERT MCFARLANE

THRU: MAX FRIEDERSDORF
M.B. OGLESBY, JR.

FROM: W. DENNIS THOMAS

Republican Members of the House Permanent Select Committee on Intelligence, in anticipation of marking up the Intelligence Authorization bill (which includes restrictions on aid to Nicaraguan Contras) want to meet with an appropriate Administration policy official. They are seeking guidance on this issue and the best strategy to pursue. The legislative process is underway, with the schedule calling for mark-up by the 1st week in April.

Would you please advise who the appropriate Administration official should be? I recommend the meeting be arranged in the near future.

cc: Chris Lehman

Declassified/Released on 8 July 87
under provisions of E.O. 12356
by P. [illegible], National Security Council

1848

UNCLASSIFIED

~~TOP SECRET~~/SENSIVIVE

UNCLASSIFIED

RCM

7/13/85

July 13, 1985

8381

N 4244

FROM: The White House

TO: The Secretary of State's Aircraft

Please deliver the following message from Bud McFarlane to Secretary Shultz personally and to no other for him. It must repeat must be opened by the Secretary only. If it is not posible to do so, then so advise this station.

SUBJECT: Israeli-Iranian Contact

1. Top Secret Entire Text.

2. This message is for you only and until we can exchange thoughts on it, I would request that it not be shared with anyone. It concerns a proposal by an Iranian official endorsed by the Government of Israel. It has a short term and a long term dimension to it. The short term dimension concerns the seven hostages; the long term dimension involves the establishment of a private dialogue with Iranian officials on the broader relationship.

3. It may perhaps first be useful to provide some background on how this matter came to my attention. Today, I received a private emissary who asked to convey a message from Prime Minister Peres. Reduced to its essentials, the oral message expressed the Israeli position that their access to Iranian officials (which it became clear has involved extensive dialogue for some time) had surfaced serious interest among authoritative persons in the Iranian hierarchy in opening a dialogue with the west. A month or so ago, the Israelis surfaced this interest in a Peres session with Michael Ledeen who reported it to me. Separately, Rabin

~~TOP SECRET~~/SENSITIVE

Partially Declassified/Released on 22 [illegible]
Under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

1182

EX 2

RCM Files #8-2 4/21/87 KF

reported the contact to Sam Lewis and he to you. Ledeen had been in Israel on his own and without any sponsorship from me but he did report the contact. I was awaiting a chance to report it to you when Sam's report reached you and following your stated disinclination, I told Ledeen to state tersely to whomever he N42448 dealt with that we did not favor such a process. He did so.

4. Last week, during David Kimche's visit, he asked for 10 minutes with me following a larger meeting. Kimche [redacted], that they were puzzled by our disinclination and that he was instructed to determine its accuracy. I stated flatly that we could not undertake such a dialogue (or trialogue) at this time. David did not amplify in any degree as to what they intended but clearly understood my flat turndown. He asked again [redacted] that I raise it with appropriate authorities and reconfirm it. I committed to do so but frankly thought it could wait until your trip and some of our more pressing business was behind us. My lone thought at the time was that it was interesting that Kimche [redacted]

5. Then came today's emissary who again, [redacted] He stated that Israel has for some time been conducting meetings with high level persons in Iran. At a recent meeting in Germany attended by Kimche, a man named Al Schwimmer (Father of the Israeli aircraft industry), and on the

Iranian side [redacted] and an advisor to the Prime Minister named Gorbanifar, the Iranians presented a picture of contemporary Iran that was extremely pessimistic; continued economic decline, stalemate on the war front; no improvement even assuming Khomeini's passing without having "an option." Their hope and that of what they portrayed as a significant cadre of the hierarchy was to develop a dialogue with the west. At this point and often throughout the conversation, Kimche reminded them that they were talking to Israelis who aren't the "west" per se and what did they have in mind? The interlocutors stated emphatically that they sought a dialogue with the United States. The Israelis pressed (in the interest of vetting the bona fides of the Iranians with the real power in Iran) for some tangible show of their ability "to deliver" in such a dialogue. The Iranians stated that they were very confident that they could in the short term, achieve the release of the seven Americans held hostage in Lebanon. But in exchange they would need to show some gain. They sought specifically the delivery from Israel of 100 TOW missiles. But they stated that the larger purpose would be the opening of a private dialogue with a high level American official and a sustained discussion of US-Iranian relations.

N 42449

6. The concept raises a number of imponderable questions. First, there is your very reasonable concern raised a month ago when the issue was just intelligence sharing, [redacted]" That is very real and one has to consider how such a "trialogue" would be affected over time by sustained

Israeli involvement. Surely we ought to expect that Israel's fears over any Arab (as opposed to Iranian) fallout would not always necessarily coincide with our own. [redacted]

2450

7. On the short term aspect, there is a family of questions related to our terrorism policy against negotiating with terrorists (notwithstanding the thin veil provided by Israel as the cutout on this specific matter). As a footnote I have checked and determined that Iran had TOW missiles before the Shah's fall and, consequently, their using TOWs now would not necessarily raise too many eyebrows.

8. Then one has to consider where this might lead in terms of our being asked to up the ante on more and more arms and where that could conceivably lead, not just in the compromise of our position, but to the possible eventuality of the Iranians "winning" and where that would put the security of the neighboring Gulf States. Clearly that is a loser. But I would think that, given the vulnerability of the Iranian interlocutor to our discrete blowing of his cover with Khomeini, ought to enable us to control that.

9. At the end of the day, our long term interest remains in maintaining an ability to renew ties with Iran under some more sensible successor regime. Whether or not this contact is

connected to viable, stable parties in Iran remains to be seen. It could be that these people are no more than self-serving, self-promoters who seek to curry favor with an element of the military -- those who happen to want TOWs right now. But I would think their risk of exposure again, provides some insurance against that. And Israel is not noted for dealing with fools and charlatans.

N 42451

10. George, I cannot judge the equities on this. We need to think about it. But I don't think we should tarry. [redacted] On balance my instincts are to see our larger interest in establishing an entree to someone in Iran and the check provided by the Iranian interlocutor's vulnerability to being "blown" as giving us some insurance against perfidy. We could make a tentative show of interest without commitment and see what happens. Or we could walk away. On balance I tend to favor going ahead.

10. As a final note, and please understand that I intend no comment on the NEA bureau for which I have profound respect, I don't believe this should go beyond you and Charlie Hill. It isn't at all that others lack judgment. It is simply a matter of the potential for compromise as the circle widens which is axiomatic.

11. The emissary will return to Israel on Tuesday. We should give him some signal by then, preferably on Monday Washington time. I will await and abide fully by your decision.

12. Finally, the President has been in the operating room for 3 hours. I will keep you advised.

Warm Regards, Bud

N 42452

P.S. - I have just received word from Don Regan that the operation has been completed and was entirely successful. [redacted]

Privacy

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[redacted] [redacted]

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Department of State

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PAGE 02 OF 04

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O 142333Z JUL 85 ZFF-4
FM USDEL SECRETARY IN CANBERRA
TO SECSTATE WASHDC IMMEDIATE 0195

[redacted]

SECTO

[redacted]

Partially Declassified/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

FOR S/S PLATT FROM HILL

E.O. 12356: DECL: OADR
TAGS: OVIP (SHULTZ, GEORGE P.)
SUBJECT: REPLY TO BACKCHANNEL NO. 3 FROM BUD

1. ~~TOP SECRET~~ - ENTIRE TEXT.

2. PLEASE HAVE FOLLOWING MESSAGES TYPED ON PLAIN BOND AND HAND-CARRIED E.O. TO BUD. ENVELOPE MUST BE GIVEN DIRECTLY TO HIM AND OPENED BY HIM AND NO ONE ELSE.

3. DEAR BUD,

THANK YOU FOR YOUR MESSAGE ON THE ISRAEL-IRAN CONTACT. I AGREE WITH YOU THAT WE SHOULD MAKE A TENTATIVE SHOW OF INTEREST WITHOUT COMMITMENT. I DO NOT THINK WE COULD JUSTIFY TURNING OUR BACKS ON THE PROSPECT OF GAINING THE RELEASE OF THE OTHER SEVEN HOSTAGES AND PERHAPS DEVELOPING AN ABILITY TO RENEW TIES WITH IRAN UNDER A MORE SENSIBLE REGIME -- ESPECIALLY WHEN PRESENTED TO US THROUGH THE PRIME MINISTER OF ISRAEL.

2241

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PAGE 03 OF 04 [redacted]

4 THAT BEING SAID, I FURTHER AGREE WITH YOU THAT THIS SITUATION IS LOADED WITH "IMPONDERABLES" THAT CALL FOR GREAT CAUTION ON OUR PART. I THINK YOU HAVE COVERED THEM ALL IN YOUR MESSAGE. I WOULD ONLY UNDERSCORE A COUPLE OF THEM: THE FRAUD THAT SEEMS TO ACCOMPANY SO MANY DEALS INVOLVING ARMS AND IRAN, AND THE COMPLICATIONS ARISING FROM OUR "BLESSING" AN ISRAEL-IRAN RELATIONSHIP WHERE ISRAEL'S INTERESTS AND OURS ARE NOT NECESSARILY THE SAME.

5. I SUGGEST -- AND YOUR MESSAGE INDICATES YOU LEAN THIS WAY TOO -- THAT WE GIVE THE EMISSARY A POSITIVE BUT PASSIVE REPLY. THAT IS, TELL HIM THAT HE MAY CONVEY TO HIS IRANIAN CONTACTS THAT THE U.S. HAS BEEN INFORMED OF THE IRANIAN PROPOSAL AND IS RECEPTIVE TO THE IDEA OF A PRIVATE DIALOGUE INVOLVING A SUSTAINED DISCUSSION OF U.S.-IRANIAN RELATIONS. IN OTHER WORDS, WE ARE WILLING TO LISTEN AND SERIOUSLY CONSIDER ANY STATEMENT ON THIS TOPIC THEY MAY WISH TO INITIATE.

6. GIVEN THE NATURE OF THIS MATTER, I AM INCLINED TO THINK IT SHOULD BE MANAGED BY YOU PERSONALLY. ITS SENSITIVITY REQUIRES HIGH-LEVEL MANAGEMENT; BUT THAT IN TURN RAISES THE LIKELIHOOD OF DISCLOSURE. BUT THIS IS SOMETHING THAT WE CAN GO OVER MORE CAREFULLY AFTER I GET BACK. I DO THINK IT IMPORTANT THAT YOU MAKE CLEAR TO THE EMISSARY THAT YOU AND I ARE IN CLOSE CONTACT AND FULL AGREEMENT EVERY STEP OF THE WAY. THIS IS ALL THE MORE IMPORTANT IN VIEW OF THE PRESENT LACK OF UNITY AND FULL COORDINATION ON THE ISRAELI SIDE.

7. THANK YOU AGAIN FOR YOUR MESSAGE. I CAN ONLY REITERATE HOW MUCH I VALUE OUR CLOSE CONSULTATION AND FRIENDSHIP.

[redacted]

Department of State

UNCLASSIFIED

S/S-O
INCOMING

PAGE 04 OF 04 [redacted]

GEORGE

SHULTZ

NODIS NODIS

12 Dec 85

UNCLASSIFIED Exhibit 4

[redacted]

N 42468

THE WHITE HOUSE
WASHINGTON

JMP
Pls hold on
to this.

[redacted]

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5451

[redacted]

12/12/85

Admiral —

Am returning to you from
RCM's file.

Wil

POF #3.2
4/18/87
1K

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

TO: Robert C. McFarlane

FM: Oliver L. North

SYSTEM IV NSC/ICS-402006

4/24/86

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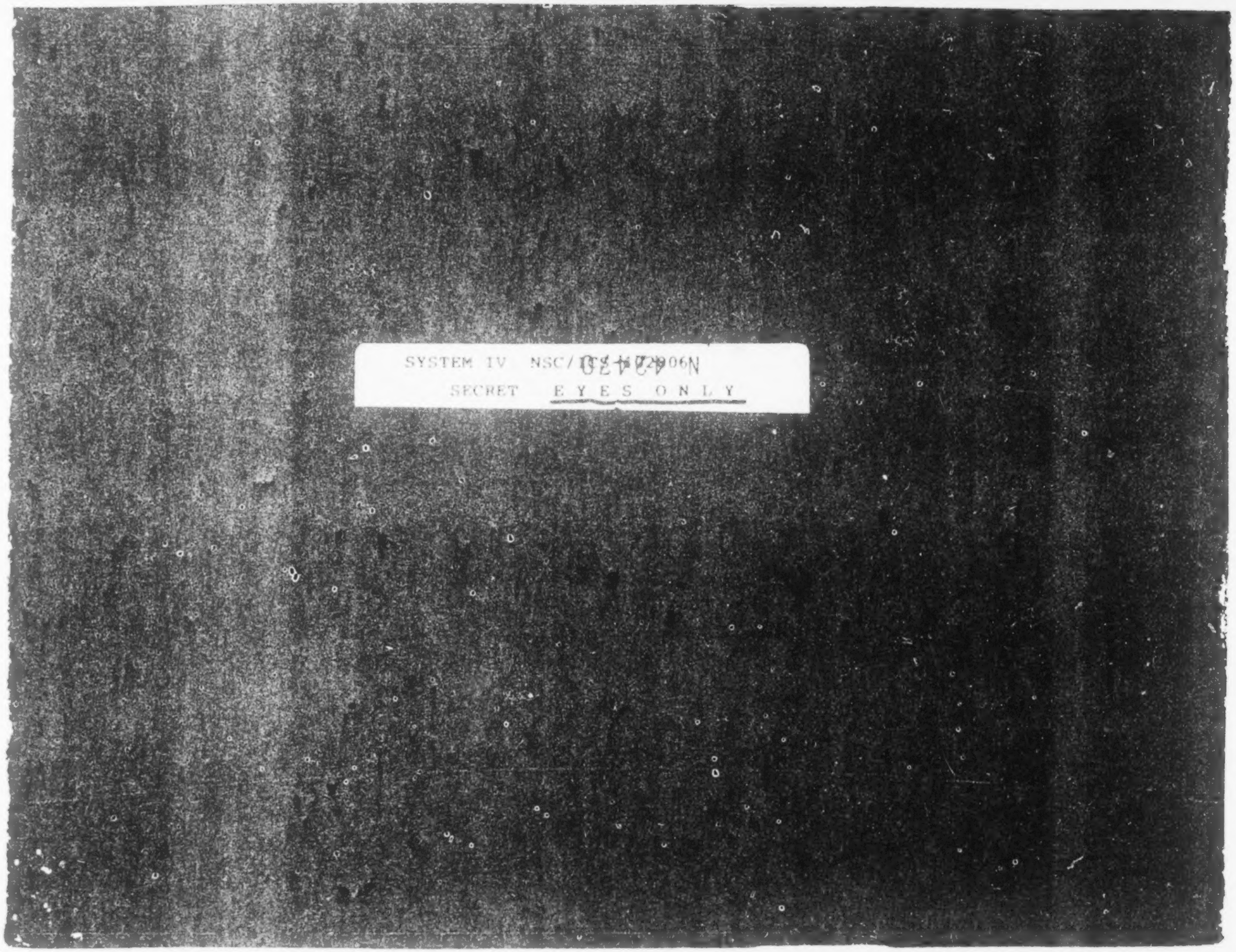

SYSTEM IV NSC/[illegible]06N

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[redacted]

N 42471

National Security Council
The White House

System # Sg IV
Package # NSC/ICS 402006

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson			
Bob Kimmitt			
John Poindexter	1	P	
Tom Shull			
Wilma Hall			
Bud McFarlane	2		
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3	A	

I = Information A = Action R = Retain D = Dispatch N = No further Action

[redacted]

cc: VP Meese Baker Deaver Other

Should be seen by: ________ (Date/Time)

COMMENTS

Bud,
I learned of this through Ollie's report. I don't think Constantine

I agree. Things [illegible] [illegible] [illegible] [illegible] scheduled [illegible] turn [illegible]

UNCLASSIFIED

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

x	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

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~~SECRET EYES ONLY~~

SECRET

N 42472

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NATIONAL SECURITY INFORMATION
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SECRET EYES ONLY

MEMORANDUM

SECRET
UNCLASSIFIED
NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402006

December 4, 1984

SECRET

ACTION

N 42473

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Confusion in the Nicaraguan Resistance

Adolfo Calero advises that this weekend a three hour meeting with held among Bosco Matamoros (local FDN representative), Constantine Menges, Jackie Tillman, and Bob Reilly. According to Calero, the purpose of the meeting was to address the strategy for Congressional and public diplomacy action for a resumption of USG support to the Resistance. Calero reports that as a result of this meeting:

-- Matamoros sent a 22 page telegram (hopefully encoded) to FDN headquarters [redacted]

-- The telegram specified that North was no longer involved in this endeavor and that a more forceful effort would be made to reinitiate funding between now and February.

-- Congressional contacts were being worked out and a detailed strategy would be forthcoming.

-- It was obvious that the State Department was opposed to any resumption of assistance, but that Kirkpatrick, Casey, and Weinberger would ensure that the program obtained renewed support.

Calero was pulled from the field in Nicaragua to receive this message. He was, to say the least, distressed and confused. Not only was he placed at risk in moving back [redacted] he feels that the mixed signals he is receiving portends serious problems within the Administration. [redacted] he receives no advice, intelligence, or support. Now he is being "told of discord" about the "worthiness" of the FDN and the possibility that the Administration may not ask the Congress renew support.

SECRET
Declassify: OADR

UNCLASSIFIED

UNCLASSIFIED

N 42474

Up to this point, Calero has been told that we had every intention of making another try at the Congress. He is fully aware of the constraints imposed in the Continuing Resolution, but has never been apprised of any internal debate on the merits of whether or not we would pursue a further attempt to obtain funds for the Resistance movement. While I may not have been fully open with him on this matter, it did not seem to be relevant to his other important tasks given current funding arrangements. Yesterday's missive from Matamoras has now sown doubt which did not need to exist.

Calero has too much on his mind to be burdened with our internal differences. It is unfortunate that we now seem to have so many voices speaking for our intentions. Before this goes any further, it would seem appropriate to clarify the roles various people will be playing in the days ahead.

RECOMMENDATION

That you review the points above and indicate your direction on who should be saying what to whom.

Approve _____ Disapprove _____

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MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

[illegible] 12/4/84
NSC/ICS-402006

December 4, 1984

H 32858

~~SECRET~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Confusion in the Nicaraguan Resistance

Adolfo Calero advises that this weekend a three hour meeting with held among Bosco Matamoros (local FDN representative), Constantine Menges, Jackie Tillman, and Bob Reilly. According to Calero, the purpose of the meeting was to address the strategy for Congressional and public diplomacy action for a resumption of USG support to the Resistance. Calero reports that as a result of this meeting:

-- Matamoros sent a 22 page telegram (hopefully encoded) to FDN headquarter[redacted].

-- The telegram specified that North was no longer involved in this endeavor and that a more forceful effort would be made to reinitiate funding between now and February.

-- Congressional contacts were being worked out and a detailed strategy would be forthcoming.

-- It was obvious that the State Department was opposed to any resumption of assistance, but that Kirkpatrick, Casey, and Weinberger would ensure that the program obtained renewed support.

Calero was pulled from the field in Nicaragua to receive this message. He was, to say the least, distressed and confused. Not only was he placed at risk in moving back[redacted], he feels that the mixed signals he is receiving portends serious problems within the Administration. [redacted] he receives no advice, intelligence, or support. Now he is being "told of discord" about the "worthiness" of the FDN and the possibility that the Administration may not ask the Congress renew support.

1881

~~SECRET~~
Declassify: OADR

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Partially Declassified/Released on 8 July
under provisions of E.O. 12356
by B. Reger, National Security Council

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~~SECRET~~

2

N 32859

Up to this point, Calero has been told that we had every intention of making another try at renewed support from Congress. He is fully aware of the constraints imposed in the Continuing Resolution, but has never been apprised of any internal debate on the merits of whether or not we would pursue a further attempt to obtain funds for the Resistance movement. While I may not have been fully open with him on this matter, it did not seem to be relevant to his other important tasks given his current funding problems. Yesterday's missive from Matamoras has now sown doubt which did not need to exist.

Calero has too much on his mind to be burdened with our internal differences. It is unfortunate that we now seem to have so many voices speaking for our intentions. Before this goes any further, it would seem appropriate to clarify the roles various people will be playing the days ahead.

RECOMMENDATION

That you review the points above and indicate your direction on who should be saying what to whom.

Approve _____ Disapprove _____

~~SECRET~~

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EX 5 21NOV86

11/21/86 – McFarlane - AG - CJC

AG – need the facts – total chronology.
AG recaps
1st contact by Kimche –

(1323)

M. – July 3 – M, K, others from Isr. (Elli Rubinstein) met ~~[illegible]~~ re this in M's office
July 30 – Kimche phones M. to set up Aug mtg
Aug. 2 – K, M meet in Wash.
(K – director-gen. of For. Minister)

Partially Declassified/~~Released~~ on 25 June 1987 under provisions of E.O. 12356 by B. Reger, National Security Council

K. said Iranian made contact w/ K, + rep'd elements of Iran seeking chg in policy + int'ed in establ'ing contact w/ U.S. Iran's econ. declining, Soviets on border, etc. Fundamentalist drive bad, they said.

mid-July: (13th?) M. briefed P. in hosp. w/ Don Regan.

K. thought the Iranians were legit bc/ had taken risks to prove their b.f.

~~K. said [illegible] military supp~~
~~[illegible]~~.
~~No mention of weapons till 2d meeting.~~

The Iranians might be able to influence hstag situ.

Aug 2 – M told K that ~~[illegible]~~; but cautious re any weapons -- maybe at some pt later, but not now. – ~~[illegible]~~ but suggested that Is. provide ~~[illegible]~~

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would be fortheed (M [redacted] suspected Isr. had already). K mentioned replenishment; M said no diff. from direct U.S. → Iran. – only Rabin, & Perez aware of chat, not [redacted]. no partic. type of arms mentioned.

M.. ~~acknowledged that~~ [redacted] able

[redacted] – periodically would tell M. that he was going somewhere (Is.) & should be rept if Is had contacts w/ Ir. – M said of course.

after 2d K-M meeting Ledeen gave M confirmatory info re Isr / Iran channel.

M thinks he talked w/ [redacted] in July or Aug. re these matters – Poin. remembers meeting w/ Family Group in hosp. – R in residence – P in pajamas.

M. doubts that Pres called Perez when Weir released.

[redacted]

M. guesses he learned of [redacted] from Ledeen
M briefed P. – Cap., G.S., & Casey, present, M thinks. At time M. told it was 400± TOWs.

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that it hadn't worked out that way (all hostages). No issue of Arms E.C.A. came up, bc/ we weren't providing arms directly to Iran (per E.O.) - clear that must report direct transfer. No one mentioned that Is → Ir. arms would vio. A.E.C.A.

[redacted]

Dec. 7 - W.H. meeting. - afterwards M, N, went to London + met w/ [redacted] Ghorbanifar (?), who described his associates. Said they were vulnerable, needed arms to reach out to military for their support. - no mention of kind of arms - M said ~~no arms~~

Nov. - [redacted] -
M thinks he first learned of it when [illegible] briefed for trip to Iran - May.

[redacted]

N briefed M - he was action - officer on this beginning Oct or Nov.

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Nov. 16 or 17 At summit in Geneva learned that Isr. had shipped oil equipment. Rabine called from N.Y. & said they have a problem w/ shipment to Iran. M asked N to assist. N rept'd back that Isr. hit snag in customs in [redacted], & that it may take a call to Prime Min. – a couple of days later he talked w/ S – M. said it was an important project & would appreciate his assistance. ~~M [illegible]~~ all ~~[illegible]~~.

M. didn't know this ~~[illegible]~~ don't ~~remember~~ chatted w/ ~~[illegible]~~ me.

etween Thanks
& Dec 4 -- K visits Wash. to urge M. not to resign. (which had been rumored). M said U.S. itd – polit. meeting/ -- M doesn't remember talk re TOWs, other arms, but if was, ~~[illegible]~~.

Dec. 7 – ~~M. said~~ we should NOT ~~[illegible]~~ provide arms: ~~[illegible]~~

Then M, N. went to London.
~~[illegible]~~

~~M~~ [illegible] ~~was the [illegible]~~

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Dec. London meeting - Iranian said need arms to strengthen his associates. - M [redacted] can do -.

separate meeting just w/ [redacted] + N - [redacted] TOW's - [redacted]
CAN'T APPROVE IT

M. briefed P. upon return - [redacted] that we not do business w/ this Iranian - shady, no training, was not looking at our larger scope of interests, but just arms.

NO ONE IN LONDON SUGGESTED LINK BETWEEN THE
[redacted]
505 TOWS & WEIR'S RELEASE.

G.S. came to M. cabin in Oct. weekend before 24th & M suggested that he was thinking of resigning — M. told P. in late Nov. — Resigned Dec. 4., effective end of month.

Dec. [redacted]. — M reported the London meeting to Pres.

NO DECISION BY USG TO GO FORWARD W/ AN ARMS
[redacted]
RELATIONSHIP W/ IR WHEN M. LEFT.

M. came back in ~ Apr. to be contact w/ Iran in May — was made aware of Finding in April.

illegible deleted →

go to Iran — ~~[illegible]~~

On plane to Iran, N(?) told ~~to~~ M nitty-gritty of arms transfers. [redacted]
the hostages were

but no details re replenishment, etc.

George Cave was along on trip: interpreter
Howard Teicher
M. flew on charter plane — [redacted] — got on
new plane to Tel Aviv → then got on cargo
707 to Tehran. — None were U.S military
planes.

Had a cake, but no Bibles. — N. brought the
cake.

There 4 days.

2 CIA communicators were along.

IRANIANS upped The ANTE for release of KUWAITI — [redacted]
M SAID THEY WERE IN BAD [illegible], BE/WATCHING [redacted]
ON DEAL. [redacted]

illegible

illegible deleted unable to review

deal WAS all hostages [redacted] 3 shipments of MATERIAL [redacted]

had spare Hawk parts w/ him)

Noshaviz ? Rafsinjani assistant. met w/ M on

illegible deleted →

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[redacted]

M reported the trip -- & said we should have noth
further to do w/ them. Wait on them to come to us.

Iran took the parts, wouldn't give them back.

George Cave

Cap. opposed replacing 508 TOWs – ~~[illegible]~~ M didn't oppose.

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Ex 6 Nov 85

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BACKGROUND TO EVENTS OF NOVEMBER AND DECEMBER 1985 RELATING TO ROBERT McFARLANE

In his role as National Security Advisor, Mr. McFarlane was responsible for the coordination of all decision-making within the Administration on national security matters. In addition, because the President had transferred responsibility for arms control policy from the State Department to the National Security Council in the summer of 1983, Mr. McFarlane had principal responsibility for arms control. His overriding concern during November 1985 was therefore quite naturally the long-planned November summit between President Reagan and Soviet leader Mikhail Gorbachev. Mr. McFarlane had determined some time prior to the summit that he would resign after its conclusion, and was especially hopeful that the summit would succeed and he could leave government on a positive note.

At the beginning of November, he traveled with Secretary Shultz to Moscow for pre-summit talks with General Secretary Gorbachev. On November 8, shortly after his return and in the midst of his preparations for the Geneva summit, Mr. McFarlane met in his office with David Kimche, who tried to persuade Mr. McFarlane not to resign. Mr. McFarlane does not recall whether Mr. Kimche mentioned at this meeting the possibility of Israel's again shipping arms to Iran, but does recall -- and has so testified -- that Defense Minister Rabin sought reaffirmation of the U.S. commitment to replenish Israeli arms when he met with Mr. McFarlane at the White House one week later, on November 15.

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Although Mr. McFarlane has testified that Defense Minister Rabin "may have" mentioned on November 15 an Israeli intention to ship HAWK missiles [5/11/87 Test., pp. 126-27], we understand that this was not the case and that Mr. McFarlane did not learn about HAWK missiles until a few days later, when he was in Geneva, probably from either Admiral Poindexter or Lt. Colonel North.

In any event, Mr. McFarlane's daily schedule shows that his November 15 meeting with Mr. Rabin lasted only ten minutes and was interrupted by a two-minute telephone conversation.[1] The meeting occurred on a day when some officials in the West Wing were attacking Mr. McFarlane for softening the language in a pre-summit speech delivered by the President on the Soviet Union the previous night [11/16/85 New York Times, p. 6], and followed on the heels of a pre-summit briefing.

The next day, Saturday, November 16, at approximately 8:00 a.m., Mr. McFarlane departed from the South Lawn for the trip to Geneva. Mr. McFarlane met for three minutes in his office with Secretary Weinberger before leaving. Secretary Weinberger stopped by to apologize for a Defense Department leak of a three-page private letter from Mr. Weinberger to the President on the purported dangers of continued U.S. adherence to the SALT II Treaty. The New York Times had printed a copy of the

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[1] Mr. McFarlane also may have spoken to Mr. Rabin later in the afternoon by telephone.

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letter in full in that morning's edition.[2] The two men did not discuss Iran.

On Sunday, November 17, Mr. McFarlane appeared on NBC's "Meet the Press" from Geneva. For the remainder of the day he was completely absorbed by press briefings and final preparations for the scheduled Tuesday talks. Mr. McFarlane has testified repeatedly that he recalls receiving a telephone call at about this time from Mr. Rabin, who was in New York, and that Mr. Rabin requested assistance in connection with a shipment. The telephone call was on an open line, and arms were not discussed. Mr. McFarlane has testified, however, that he understood Mr. Rabin was referring to arms.

General Powell has testified that he did not receive a request to obtain information on HAWKs until at least Monday, November 18, after Mr. Rabin had telephoned Mr. McFarlane in Geneva and after Mr. McFarlane had placed Mr. Rabin in contact with either Admiral Poindexter or Lt. Colonel North, one of whom probably reported information about HAWKs back to Mr. McFarlane, apparently for the first time. General Powell has testified that either Admiral Poindexter, Colonel North, or Secretary Weinberger made the request to him for information about HAWKs. Mr.

---

[2] The Washington Post reported the next day that the leak was thought by some to have been designed to sabotage the summit, and in any event "brought into the open the bitter differences that have afflicted arms control policy throughout the Reagan administration." [11/17/85 Washington Post, p. A1]

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McFarlane has testified that he briefed both the President and Secretary Shultz on the transfer of HAWKs while they were in Geneva.

Secretary Shultz has contemporaneous notes of a November 18 conversation in Geneva with Mr. McFarlane about HAWKs. Apparently, neither Secretary Shultz nor the President had independent recollections in November 1986 of their discussions in Geneva about HAWK missiles; the Secretary's recollection seems to have been refreshed by the notes that were discovered in a review of his files. In any case, on that day, November 18, all three men were preoccupied with the next day's talks between President Reagan and Mr. Gorbachev. Mr. McFarlane also held a press briefing that day.

The talks began as scheduled on Tuesday, November 19, with a morning session on [redacted] The Gorbachevs hosted a dinner that evening for the Reagans, to which Mr. McFarlane accompanied the President.[3] Wednesday morning (November 20) was devoted to [redacted] and the evening, to a reception by the Swiss President, which was followed by another dinner.[4]

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[3] The same day North wrote the letter seeking General Secord's assistance.

[4] Colonel North was corresponding with Admiral Poindexter during this time in Washington about logistical problems with the Israeli shipment.

A joint U.S.-Soviet statement was released on Thursday, November 21. Both Secretary Shultz and Mr. McFarlane held news conferences, after which Mr. McFarlane accompanied the President to a meeting with NATO leaders in Brussels. Mr. McFarlane returned to Geneva that evening, and after giving a speech in Geneva the following morning, proceeded to Rome to debrief the Pope and then Italian Prime Minister Craxi, Defense Minister Spadolini, and Foreign Minister Andreotti. At 5:30 p.m. on Friday, November 22 [see Tower at B-33], at Colonel North's request, Mr. McFarlane contacted the Foreign Minister of a third country to ask him to permit an Israeli transshipment of equipment to Iran through the third country. Mr. McFarlane was not "pulled out of a meeting" with the Pope to assist Colonel North as some have reported; Mr. McFarlane did not meet the Pope until Saturday, November 23. [See 11/24/85 New York Times, p. 36]

Mr. McFarlane traveled that weekend to Paris to debrief President Mitterand, and held a press briefing. On Monday, November 25, the day the aircraft carrying the HAWKs departed the European country, Mr. McFarlane arrived in London and went directly to a meeting with Prime Minister Thatcher. A dinner with Lord Carrington followed the meeting. Mr. McFarlane returned to the United States from London on November 26, but stopped only briefly in Washington; he continued to San Francisco the same day (where he attended a birthday party for Secretary Shultz) and then flew to Santa Barbara the following day to join the President. Mr. McFarlane was obviously aware that no hostages had been released, and he wrote Colonel North during his brief stopover in Washington on November 26 that he was inclined to think Ledeen should be excluded from the initiative. [Tower at B-33 n.23]

Mr. McFarlane remained in Santa Barbara over Thanksgiving with the Presidential party. On Saturday, November 30, he drove to the President's ranch and delivered his letter of resignation to one of the President's military aides. On Sunday, December 1, Mr. McFarlane discussed his resignation personally with the President. Mr. McFarlane also expressed his concerns about the Iran initiative, and the President directed him to convene a meeting in Washington upon their return to evaluate whether the initiative should go forward.

The following day, Monday, December 2, Mr. McFarlane accompanied the President to Washington, D.C. via Seattle; they arrived together at the White House at about 9:00 p.m.

It became quickly known on December 3 that the President had accepted Mr. McFarlane's resignation. [See 12/4/85 Washington Post, p. A1] The Washington Post further reported that "McFarlane did not attend the National Security Council or the White House senior staff meeting. As an official put it, he simply 'disappeared' from policy discussions." On Wednesday, December 4, the President, Mr. McFarlane, and Admiral Poindexter held a joint press conference, formally announcing Mr. McFarlane's resignation and Admiral Poindexter's appointment as his successor. Colonel North sent a PROF message that afternoon to Admiral Poindexter on a private channel (without copying Mr. McFarlane) outlining a new proposed arms-for-hostages deal. [RCM Ex. 45]

On December 5, Admiral Poindexter scheduled a meeting on Iran. The meeting was held in the morning of December 7 at the Residence. The President, Secretary Weinberger, Admiral Poindexter, Secretary Shultz, John McMahon, Donald Regan, and Mr. McFarlane attended. The history of the Iran program was reviewed, and at Mr. McFarlane's recommendation it was decided that he should go to London to advise the Iranians that the U.S. would not agree to any plan involving the shipment of arms for hostages. Mr. McFarlane has testified repeatedly about his trip to London on Sunday, December 8. The discussions with Mr. Ghorbanifar were heated and wide-ranging. Mr. Ghorbanifar apparently complained about a lot of things, including the HAWKs the Iranians had received; however, the discussions were supposed to be prospective from Mr. McFarlane's point of view, and many of the things about which Mr. Ghorbanifar complained were foreign to Mr. McFarlane.

Mr. McFarlane returned to Washington that Sunday night. He flew to New York City from Washington the following morning on personal business. He arrived back in Washington later in the afternoon the same day to give an early evening address to the World Affairs Council. Mr. McFarlane does not believe he saw Colonel North's December 9 memorandum to Admiral Poindexter and himself [RCM Ex. 45A], in which North argued for continued arms transactions in an effort to save the hostages. Mr. McFarlane believes he would have recalled the memo if he had seen it because its proposals ran counter to his strong conclusion at the end of the London meeting. But Mr. McFarlane does recall Colonel North's warning that the hostages would die if the Iranian proposal were terminated.

At 10:30 a.m. on December 10, the President convened a meeting with Secretary Weinberger, Director Casey, Admiral Poindexter, Mr. Regan, and Mr. McFarlane. (Secretary Shultz was at a NATO meeting in Brussels.) Mr. McFarlane debriefed on the London trip. President Reagan later told the Tower Board that, at the December 10 meeting, Mr. McFarlane expressed no confidence in Ghorbanifar and recommended rejection of the latest Iranian plan. "The President said he agreed. 'I had to.'" [Tower at B-50] The possibility of the Administration's pursuing purely political discussions through other channels was ostensibly left open. [Id.]

In the following days, Mr. McFarlane began focusing more upon what he would do when he left government. He does recall that at some point Mr. Ledeen was pushing to have the CIA give Ghorbanifar another lie detector test, and recalls also discussing transition matters with Admiral Poindexter. But Mr. McFarlane's attention was clearly shifting. On December 16, he moved his office from the West Wing to the Old Executive Office Building. On December 20, he left for a skiing vacation in Utah. Although he remained on the payroll for another two weeks, he did not return to his OEB office except to clear out his personal effects. Mr. McFarlane was not involved in any late December or January discussions about findings, nor in the decision taken in January to begin shipping arms directly to Iran.

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TRANSCRIPT OF PROCEEDINGS

HSIC 021 /87

CONFIDENTIAL

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF LT. COL. JOHN C. McKAY

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Partially Declassified/Released on 12-21-87
under provisions of E.O. 12356
by N. Menan, National Security Council

Washington, D. C.

Monday, April 6, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF LT. COL. JOHN C. McKAY

Washington, D. C.
Monday, April 6, 1987

Deposition of LT. COL. JOHN C. McKAY, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Suite 901, the Hart Senate Office Building, at 9:20 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

PAUL BARBADORO, ESQ.
Deputy Chief Counsel
Senate Select Committee
on Secret Military Assistance
to Iran and the Nicaraguan
Opposition

HENRY J. FLYNN
Investigator

ALSO PRESENT: KATRIN McKAY

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PROCEEDINGS

Whereupon,

JOHN C. MC KAY

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. BARBADORO:

Q Colonel, my name is Paul Barbadoro. I am deputy chief counsel to the Senate Select Committee. I hope my questions will be clear to you. If they aren't, please let me know. If I ask you something that you can't answer, just tell me.

Why don't we begin by having you state your full name, please.

A My name is John Cameron McKay.

Q Where do you work?

A I work at Headquarters, Marine Corps, Washington, D.C.

Q You are a lieutenant colonel?

A I am a lieutenant colonel in the Marine Corps, yes, sir.

Q Could you briefly describe the nature of your

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work?

A Yes, sir. I am an action officer in the plans division, and I work primarily with elements of the defense guidance joint strategic planning documents, special operations forces, low-intensity conflict.

Q When did you first meet Lieutenant Colonel North?

A Sir, I don't know the exact date, but it was while we were classmates at the Naval Academy. I would say it was probably 1966.

Q I know you have already described to our investigators some of the contacts you had with him over the years. I want to focus on those contacts since January 1, 1984. Can you tell me, when did you see him first after that date?

A Sir, to the best of my knowledge, I saw him in May of 1985, saw him personally May of 1985, after that date.

Q Let me go back. Did you see him in December of 1984?

A No, sir. I talked to him on the phone, I believe, in December of 1984.

Q What prompted that phone call?

A Classmates from the Academy, it was more of a

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social call, just say hello. I hadn't talked to him since I had come out of El Salvador in 1983.

Q Did you call him?

A I believe I did, yes, sir. In fact, I will say I definitely called him. He never called me.

Q During that call, did you discuss Colonel North's activities in support of the Contra movement?

A To the best of my recollection, no, sir.

Q It was just personal matters?

A It was about our families. My comment to him to the effect that if he ever came back to the Marine Corps, that having been in such a high-priced environment, or such a -- being exposed as much as he had been, he would find coming back to the Marine Corps a real letdown. That was basically the gist of the conversation.

Q Let's move ahead to May of 1985. Where did you see him?

A I had called him, sir. When we physically met, we met in his office in the Old Executive Office Building.

Q Where were you working at that time?

A At that time, I was a regimental executive officer, First Marine Regiment at Camp Pendleton,

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California.

Q What brought you to Washington?

A I was to fill a quota or fill a billet for the commander's drug and alcohol orientation course that was being held in Washington at that time.

Q What caused you to go see Colonel North?

A Again, I had made a phone call, a mutual friend o ours, a classmate, [redacted] Terry Murray, who is presently with the Senate liaison. We had talked about that, and he said he really wanted to see me, and we would have to get together, talked about going out out together and getting drunk. I think, if I recall correctly, it was within 24 hours that I went over to see him. The appointment was for 8:00 in the evening, an I met him in his office, and the whole conversation took place in his office.

Q Could you describe that conversation to me?

A Just parts of it. I came away with the impressio that for the first time since I had known him, that I was dealing with a zealot here. His office looked like a combat operations center in the sense that he had maps of Nicaragua had a map of Managua, normal nonsense of broad-based arrows, grade attacks, that sort of thing. He showed me some photographs of himself, mostly with various Contra leaders, Bermudez was one of them, Colonel Bermudez. With Nicaraguan kids, with refugees, but mostly with Nicaraguan soldiers. His statement, which I believe he reiterated a couple of times, was that we were going to be in Managua by Christmas.

But he was very much caught up with the Contra thing. I made some comments that I had some problem with the Contras, that they didn't have an ideological base, I thought they were a paper tiger, and he proceeded to try to persuade me otherwise.

Q Now, you had been assigned to El Salvador in 1981?

A Yes, sir.

Q What was your assignment there?

A I was the naval attache, sir, from 1981 to December of 1982.

Q Could you describe what a naval attache in El Salvador does?

A [redacted] I was not reporting exclusively o

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the Navy. The Salvadoran Navy is extremely small. [redacted]

Privacy

Within three months of arriving in the country, the ambassador was dealing directly and only with me on all military intelligence matters in the country. [redacted]

Q Who was the ambassador?

A Ambassador Dean Hinton.

MR. BARBADORO: May we go off the record for a second; he is present.

(Discussion off the record.)

BY MR. BARBADORO:

Q Let's go back on the record. Colonel McKay, you were describing your contacts with Ambassador Hinton. Please continue.

A [redacted] the ambassador was using me for all in-country military intelligence. [redacted]

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[redacted] So I was doing a little bit different than what most naval attaches do.

Q Did you have any contact with any of the Contra leaders?

A No, sir, I did not.

Q Were you involved in any way in supporting or reporting on the Contras when you were in El Salvador?

A Not when I was in El Salvador then, sir. None of my reporting had to do with [redacted] except when [redacted] I was just very, very superficially aware of the Contra program at that time, [redacted]

Q Going back to your conversation with Colonel North in May of 1985, did you discuss your activities in El Salvador with him during that conversation?

A I don't recall doing so, no, sir. I had on a previous meeting with Colonel North in January of 1982, but I

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was very much left with the impression in May of 1985, whatever information that I could have provided Colonel North, he was less than interested to listen to it.

Q Did Colonel North tell you anything specific about his support for the Contra movement during that conversation in May?

A Specific only in that I recall having seen it in the press. He was talking about getting money for a helicopter. He said that they were raising money from private individuals and private organizations to support the Contras. And, if I recall correctly, he specifically said for non-military purposes.

Q Did he say what he was doing to raise funds?

A No, sir. He had mentioned that he had given some talks, and that was all [redacted] specifically his saying.

Q Did he say anything to you about raising funds from third countries?

A No, sir, I do not recall anything of that nature being discussed.

Q How long did this meeting in Colonel North's office go on?

A To the best of my recollection, sir, it was about an hour and a half.

Q What happened after that?

A He said that he had an important meeting with some people and that he had to go, and I just -- he walked me down, and I left.

Q When did you next speak with Colonel North?

A Again, to the best of my recollection, it would have been in May of 1986 when he came over to lecture at the National War College, person to person. I may have talked to him on the phone during my time at the National War College.

Q When were you at the National War College?

A I started in August of 1985 and graduated in June of 1986.

Q How many times would you have spoken with him on the phone between May of 1985 and your next meeting with him?

A Once or twice. In fact, I am not sure that I did, because that was at the time -- this was when Dewey Clarridge's name had come up. This is when the mining of the harbors had taken place, the handbook had been published. I remember at the time saying what an amateurish operation the whole thing was. I had expressed to my wife and to some other people concerns about North's role in this. Again, knowing him. If I -- I am not sure that I talked to him on the phone between May of '85 and June of '86. I think the only time that we talked is when he came over to lecture at the National War College.

Q You say that Dewey Clarridge's name came up. Came up where?

A It was the -- the first time I saw it was in an article in the Wall Street Journal.

Q You are talking about coming up in the press?

A In the press, yes, sir.

Q Describe your meeting with Lieutenant Colonel North in June of '86.

A It was just mere chitchat. He was with the Commandant of the War College. He had finished his lecture, came out, and put on the facade of old friends and slapped the shoulders, how are you doing. We have got to get together for a drink or dinner. I will give you a call, that type of thing. That was all. He went on.

Q There was no substance of discussion about the Contras?

A About the Contras or his lecture, which I thought was very controversial. But, no, nothing substantive.

Q What was his lecture about?

A Combat and terrorism. I felt he had gotten into some extremely sensitive areas in an audience that shouldn't have known about them.

Q When did you next meet with him?

A Next time I saw him was after he had been fired from the NSC, and he came over, and he works in my office at Headquarters, or he has a desk in my office in Headquarters, Marine Corps.

Q What does he do there?

A Occupies a desk when he is not seeing his counselor or seeing Mr. Walsh or some other people.

Q He doesn't have a specific assignment?

A He is doing some very, what I think are insignificant things. He is playing around with some things. The purpose being, all of our projects are fairly long-term, and to put somebody on them and have them yanked out, for whatever reason, would not be very beneficial. So he is just doing little clean-up chores for us.

Q Has Colonel North ever said anything to you about the events which led to his removal from the NSC Staff?

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A Only in very oblique terms, sir, in the sense that they don't understand, you know, emotional terms, how many thousands of people are going to die because the program is going down the tubes. He has never talked about specifics. Comments about the reporters being outside his house all the time. He is sick and tired of the reporters, how he is being sold down the river by the White House, comments like, guys that he said were real close friends are really trying to stick it to me now, things of that nature.

Q Did he ever tell you anything specific about his activities on behalf of the Contras?

A I cannot remember him saying anything about specific things that he had done on behalf of the Contras. It was always in sort of the general, generic, "we sent," "we were supporting them," "we were doing so well," this type of thing. I don't recall him ever coming up and saying, "I did this," or "I was trying to do that," or something like that.

Q Has he said anything about whether he was acting on his own or whether he had approval for his actions by one of his superiors?

A Again, only in very oblique terms. He said, "Wait until I talk, and some heads are really going to roll. Wait

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until I talk, and they will see how it really was."

Q Did he say anything to you about his involvement in the Iran arms initiative?

A No, sir. I think that I probably sort of pissed him off because, again, we are talking about an article in the paper. This would have been back in January. Again, about the amateurishness of it. I made the comment to him, something to the effect that, you know, when did you become a Middle East expert. He took it personally, as I suppose I meant it to be taken.

At any rate, he has never -- he has never talked about that. He knows about my familiarity with the Central American region, when he has talked, again, in very general terms about that. But he has never talked about his trips to Europe, the business [redacted] the only time he made a comment was when Kir's picture appeared in the newspaper.

MR. FLYNN: Nir?

THE WITNESS: N-i, I am sorry, N-i-r. He said look at this joker, he has got his own press agent. Maybe that's what I ought to do. Again, he made sort of macabre remarks about maybe I ought to go have to me what Casey had done, take my brain out, and leave me alone. But, no, nothing specific about Iran, in the Middle East.

BY MR. BARBADORO:

Q Has he ever said anything to you about his relationship with former Director of Central Intelligence Casey?

A Only again in oblique terms. He has made the comment a couple of times that "if they only knew what old Casey knew." I think those are almost his exact words.

Q What was the context in which he said that?

A Both times it was in regard to a newspaper article. One of them -- now I remember. One of them was the confirmation hearings or the beginning of the confirmation hearings for Gates.

Q The other --

A I can't recall what the article dealt with. Oh, I remember now. It was the article on Elliot Abrams.

Q What article was that?

A The one in the Washington Post that said Elliot Abrams had met with North and another individual that was not identified in order to brief the then new ambassador of Costa Rica about the opening of the southern front.

Q What prompted him to mention Casey when referring to that article?

A I had made the comment that the third individual, who was not identified, I said, I know who that is. Oh, I think I am pretty sure I know who that is, and did Casey send it. And that's when he came up with "if only they knew what old Casey knew."

Q Did he say anything else about Casey?

A He would not confirm or deny my suspicions of who it was, the third unnamed official at those meetings. But he did not say anything more about Casey, no.

Q What prompted him to refer to Casey when reviewing the article about the Gates confirmation hearings?

A Because the article, that I had made -- the comment was that the article speculated Gates's involvement and knowledge of the Iranian/Nicaraguan affair, and how much he may or may not know and how much Casey may have told him. I can't recall the exact words of the thing, but it was -- of the exchange. It was something to the effect that, you know, I bet Gates knew a lot more than they are indicating and was probably in Casey's hip pocket or something to that effect. Then he came out, "if they only knew what Casey knew."

Q In that conversation, did he say anything else to

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you about Casey or what the Central Intelligence Agency may have known?

A No, sir. If I recall, he went on and made some less than complimentary comments about Gates, about being a bureaucrat, not an operator, that sort of thing.

Q Has he ever talked to you about his relationship with Bud McFarlane?

A Only in very glowing terms. Again, general terms. "He was like a father to me." He talked to me after he visited McFarlane in the hospital, after the attempted suicide attempt, and said how bad it had hurt him, and obviously it hurt McFarlane's family.

But as far as specifics about operations -- let me go back, if I may, on the Casey thing. He claims to have visited Casey twice in Georgetown Hospital. And the comment there was simply that, you know, the old man's a vegetable. Nothing that -- except on McFarlane. Again, I had known McFarlane while he was in the Marine Corps, so the conversation has been somebody of a mutual acquaintance rather than any specific relationship while he was at the NSC.

Q Did North say anything to you about what McFarlane

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knew about his activities on behalf of the Contras or his involvement in the Iran arms initiative?

A If anything had been said, it would have been more with the Contras, because the Iran thing, until it broke in the press, I wasn't aware how much North was involved. The Contras I suspected because of the visit in May of '85. In fact, I believe I queried him at that time in May of '85, you know, who the hell is letting you do all of this, how much of this is is McFarlane aware of. Neither question did he answer to my satisfaction.

Q Has he answered that question since that time?

A No, sir.

Q What has he told you about his relationship with John Poindexter?

A He really hasn't. He has implied that it was less than cordial, as it was with McFarlane, although he has never said anything outright derogatory about Poindexter, except that he is a very private man and that he may not have been -- he did not say may not, that he was not aware of everything that was involved.

Q [redacted]

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TOTAL

[redacted]

Q Have you ever met Richard Secord?

A No, sir, I haven't.

Q Have you ever met or spoken with Albert Hakim?

A No, sir, I have not.

Q Have you ever met or spoken with Thomas Clines?

A I don't believe I have, sir. I may have met him once, but I am not sure.

Q When would that have been?

A It was while I was in El Salvador, sir. It would have been here in Washington when I came out for consultation, but I am not sure.

Q Have you ever been to Copenhagen?

A Yes, sir, I have.

Q When were you in Copenhagen?

A 1968, sir.

Q Have you been there since 1968?

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A No, sir, I haven't.

Q Have you been to Costa Rica?

A Yes, sir, I have.

Q When were you in Costa Rica?

A The last time I was in Costa Rica, sir, was in February of 1986.

Q What prompted you to be in Costa Rica in February of 1986?

A I was -- that was the time, during the time I was a student at the National War College, and I had been requested by the honorable Mr. Armitage to do a paper on the impact of U.S. military maneuvers in Central America. Costa Rica was one of the countries that I visited in the course of doing the research for that paper.

Q Do you know Robert Owens?

A No, sir, except from the press.

Q Never met him?

A No, sir, I don't believe so.

Q Have you ever met or spoken with former ambassador Tambs, the former ambassador to Costa Rica?

A No, sir, I have not.

Q Have you ever met the former [redacted]

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[redacted] who has been referred to in the press as Thomas Castillo?

A No, sir, I have not. Not by that name, anyway. I have been told that he is somebody else, and if that is indeed who he is, then I have met him.

Q We will go into that later. Have you ever negotiated with anybody to purchase or lease land in Costa Rica?

A No, sir.

Q Have you been involved in any way in the construction of an airstrip in Costa Rica?

A No, sir, I have not.

Q Have you ever met or spoken with Thomas Parlow, the owner of the Danish ship, the Erria?

A Not to my knowledge, no, sir.

Q Have you ever been involved in any way in the negotiation for the purchase or leasing of a ship in Denmark?

A No, sir, I have not.

Q Have you ever referred to yourself as "Bob Olmstead"?

A No, sir, I have not.

Q Have you ever referred to yourself as

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"Mr. Olmstead"?

A No, sir, I have not.

Q Have you ever held yourself out to be a representative of Olmstead Associates?

A No, sir.

Q Has anyone ever referred to you as any of those people or as an associate of Olmstead Associates in your presence?

A No, sir, they have not.

MR. BARBADORO: We will go off the record a second.

(Discussion off the record.)

BY MR. BARBADORO:

Q We can go back on. Do you know Robert Earl?

A Yes, sir, I do.

Q Where did you meet him?

A The first time I met him was when we were classmates at Marine Corps Commandant Staff College, Quantico, Virginia. 1980.

Q Have you had any contact with him since he was assigned to the NSC Staff?

A Not while he was on the NSC Staff, no, sir.

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Q Have you seen him since he left the NSC Staff?

A Yes, sir, I see him on a regular basis.

Q Why is that?

A He is stationed at Headquarters, Marine Corps.

Q Doing the same kind of thing that Lieutenant Colonel North is doing?

A Yes, sir.

Q Have you talked with him about his -- strike that. Have you talked with him about the events that led to his removal from the NSC Staff?

A No, sir. He has informed me that he won't talk about it at all. He is even more taciturn than North.

MR. BARBADORO: That's all I have. Thank you.

(Whereupon, at 9:55 a.m., the deposition was concluded.)

JOHN C. MC KAY

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Wendy S Cox
Notary Public in and for the
DISTRICT OF COLUMBIA

My Commission Expires
November 14, 1987

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TRANSCRIPT OF PROCEEDINGS

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CONFIDENTIAL

UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

HSIC-0005/87

DEPOSITION OF JANE E. McLAUGHLIN

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under provisions of E.O. 12356
by B. Reger, National Security Council

Washington, D. C.

Thursday, April 16, 1987

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UNITED STATES SENATE
SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION
DEPOSITION OF JANE E. McLAUGHLIN

Washington, D.C.
Thursday, April 16, 1987

Deposition of JANE E. McLAUGHLIN, called for examination pursuant to subpoena, at the Hart Senate Office Building, Suite 901, at 9:55 a.m., before Michael G. Paulus, a notary public in and for the District of Columbia, when were present on behalf of the respective parties:

TIMOTHY WOODCOCK, ESQ.
W. THOMAS McGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate Select
Committee on Iran and the
Nicaraguan Opposition

- continued -

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THOMAS FRYMAN, ESQ.

- Assistant Majority Counsel

KENNETH R. BUCK, ESQ.

Assistant Minority Counsel

United States House of Representatives

Select Committee to Investigate

Covert Arms Transactions with Iran

HARVEY P. COHEN, ESQ.

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1400 N. Uhle Street

Arlington, Virginia 22201

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C O N T E N T S

WITNESS	EXAMINATION
Jane E. McLaughlin	
By Mr. Woodcock	4

E X H I B I T S

NUMBER	IDENTIFIED
1	53
2	76
3	77
4	81

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P R O C E E D I N G S

Whereupon,

JANE E. McLAUGHLIN

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. WOODCOCK:

Q Would you state your name for the record and spell your name, please?

A Jane Esther McLaughlin, M-c-L-a-u-g-h-l-i-n.

Q Ms. McLaughlin, I am Tim Woodcock, and I am here representing the Senate Select Committee. With me is Tom McGough, who also represents that Committee. We are here in our official capacities as associate counsel for the Committee. The Committee is engaged in an inquiry in which your testimony has been deemed helpful and material. Therefore your testimony may well become a part of the inquiry of this Committee and you should be aware of that.

Also here, on behalf of the House, are Tom Fryman and Ken Buck. They are also here pursuing their Committee's mandate, and this an official inquiry from their perspective as well.

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Ms. McLaughlin, let me start out by taking you back in time and have you describe for the record the circumstances under which you joined the Channell group.

A Do you want me to start at the beginning?

Q Yes.

A When I was first interviewed, which was around December 19, by Dan Conrad in the Hay-Adams Hotel, I had learned about the American Conservative Trust from Steve Whitener of the Leadership Institute. I was told that the American Conservative Trust was looking for fund-raisers and that they had another organization that did a lot of work of Nicaragua and SDI. Being that these were my two areas of major interest and concern, I pursued it.

I was interviewed by Dan Conrad, the executive director. He was very impressed with my background. But he did tell me in no uncertain terms that Spitz did not believe women could raise money; he would have to work on that; and he would get back to me.

I kept after him, and I was finally hired on about January 10 and told to start January 15, which I did.

Q When you started, Ms. McLaughlin, what was your title and what were your responsibilities?

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A My title was project director, which is just a fancy name for a fund-raiser, and my responsibilities were to raise as much money as possible for a program about to be launched called the Central American Freedom project.

Q Having received these responsibilities, what did you do?

A I was given a list of names, supplied to me by Dan Conrad. I worked from what was called the senatorial trust list.

Q Do you know where that list came from?

A I never asked.

Q What did the list consist of?

A The names of all the members of the senatorial trust.

Q These were prospective donors; is that correct?

A Yes. We were looking at them as prospective contributors to our projects. I would call these people. Initially I was told that the Central American Freedom program would be launched by the President at a private meeting in the White House, and we were looking for a select group of people to finance the project and to come to Washington to participate in this meeting.

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Q Were you given a date for the meeting?

A No. We were told it was going to be the end of January. We were waiting for confirmation of the date by the White House.

Q Then what happened?

A I called people and I raised money. Lots of it.

Q Were you given any particular figures to ask for in soliciting people for this January meeting?

A Yes. A minimum of $30,000. We were told to explain to these people that this project was going to involve a $2.5 million budget and that we wanted to have raised the first million so that we could launch the campaign in all the key media markets across the country. This involved television advertising and a speakers tour. That the vote was coming up in March, and that it was imperative to launch this educational and informational campaign to rally the support of the American people for the President's policies in Central America.

Q Let me ask you to expand on a couple of things you said.

Could you describe generally the purpose of the Central American Freedom program for the record?

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A Would you like me to describe what were the set forth objectives or what I believe the objectives of the program were?

Q Why don't we start off with what you were told the objectives were?

A You have a copy of the objectives in the documents. It was basically to educate and inform the American people on the threat of communism in Central America and to rally their support for the President's policy to aid the freedom fighters of Nicaragua. It was done with television, spot messages that were placed in key media markets. We were told to tell the people that they were key media markets. What they were were congressional opposition districts.

Q Can you describe what you mean by a congressional opposition district?

A A district where a Congressman or a Senator is opposed to the President's policy in Central America.

Q You also mentioned that this program involved a speakers tour. What was that?

A The speakers tour consisted of people who worked very closely with UNO and could speak on behalf of the

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United Nicaraguan Opposition.

- Q That is UNO?

A Yes.

They were sent around the country to some of these opposition congressional districts to address local auxiliary groups, religious groups, civic groups, and be interviewed by the local newspapers and radio stations, to generate editorial support.

Q You also referred to the vote coming up. Will you state for the record what vote that was as you understood it?

A The vote on the President's military aid package, $100 million to the freedom fighters of Nicaragua. It was scheduled for March 20.

Q This is all 1986; is that correct?

A Yes. I started in January 1986.

MR. WOODCOCK: Off the record.

(Discussion off the record.)

MR. WOODCOCK: On the record.

BY MR. WOODCOCK:

Q Did this meeting in January that you referred to earlier actually take place?

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A Yes, it did. January 30th.

Q What happened at that meeting?

A We went into the Roosevelt Room of the White House with approximately 15 to 20 contributors. I will tell you everyone that was present to the best of my recollection. David Fisher; Rich Miller; Ken Gilman, who was Dan Conrad's friend; Eric Olson, who was Spitz' friend; Elleanor McManus, Spitz' aunt; Spitz, Cliff, Dan, Jane, and Kris.

Q When you refer to these names, could you give the entire name for the record?

A Spitz Channell, Dan Conrad, Cliff Smith, Jane McLaughlin, and Kris Littledale. None of the support staff was present.

Q To put each person in his own category, Spitz Channell, Dan Conrad, Cliff Smith, Kris Littledale, and Jane McLaughlin all worked for the Channell group; is that correct?

A Yes.

Q David Fisher is associated with IBC; is that right?

A Yes.

Q Are Richard Miller and Frank Gomez also associated with IBC?

A Yes, but Frank Gomez was not present at this meeting.

Q Who do you recall from the Administration was present at this?

A Linas Kojelis, special assistant to the President; Linda Chavez; Elliott Abrams, under secretary of State for Latin American Affairs; Donald Regan, chief of staff; Lieutenant Colonel Oliver North of the National Security Council; and the President. That's it.

Q Could you describe how the meeting proceeded?

A It started with some opening comments by Linas Kojelis. He welcomed the group and applauded our efforts, and Linda Chavez said a few words. Elliott Abrams said a few things. Lieutenant Colonel Oliver North spoke for maybe 15 or 20 minutes and showed some slides. Then the President came in and addressed us for about a half an hour, applauding this organization's work. It was basically a pep rally.

Q When you say this organization, which organization?

A The National Endowment for the Preservation of Liberty.

Then we had our photograph taken with him.

Q Did the Administration figures describe what they felt the National Endowment for the Preservation of Liberty was doing?

A Educating and informing the American people on the threat of communism in Central America.

Q Were they all saying this, or were just some of them saying this?

A For the most part they were all saying this. There was no deviation from that basis.

Q Following the meeting in the Roosevelt Room what happened?

A We went back to the Hay-Adams Hotel where our contributors were staying.

Q Let me back up. I have got a question from Tom Fryman.

While these presentations were going on by the Administration figures were the 15 to 20 contributors you described also present?

A Yes. They sat at a very long table. I don't know if you have ever been in the Roosevelt Room, but it is a very intimate room. Long table with leather chairs. It's very comfortable. And they all sat around the table, the contributors.

Q Were they present throughout?

A Oh, yes. The purpose of the meeting was to have them there.

Q Let's return to the period immediately following the meeting at the Roosevelt Room. What happened then?

A We returned to the Hay-Adams Hotel and we had a brief period for the contributors to return to their rooms and freshen up, because we would be having a very lavish private dinner.

Q When you say we returned to the Hay-Adams, who returned to the Hay-Adams?

A The contributors and the staff.

Q The staff of the National Endowment?

A All the staff members that were present at the meeting. We all returned to the Hay-Adams Hotel.

Do you want me to name those people?

Q The National Endowment for the Preservation of Liberty staff all returned; is that correct?

A Yes.

Q How about people like Richard Miller?

A I don't think they came back to the hotel, but they came to the dinner afterwards.

Q So this group adjourns to the Hay-Adams and there is a period when they fresh up. What happens next?

A We have dinner. There was a cocktail time prior to the dinner. The guest list was very long. There were people there that I didn't even know, but I was asked to recognize them later on from photographs that had been taken. There was a photographer milling about throughout the dinner and cocktail party.

IBC was present: Rich Miller, Frank Gomez, Steve Schwartz; I think Jackie Clemens was there; and Jeff Keffer; and all of IBC.

Penn Kemball was there; Bruce Cameron was there; Bob Goodman and Adam Goodman of the Goodman Agency, who produced our television messages.

There were a couple of ambassadors there. Ambassador Sorzano of the Cuban American National Foundation was a guest of mine; The Costa Rican ambassador. I can't remember his name. And two other ambassadors. Just people that we invited. We invited a lot-of congressional people. That was the night, I think, of the CPAC dinner. So everybody was over at that. Congressional types were over at that, so they didn't come to our dinner, unfortunately.

Ollie North was there and addressed us, just to pretty much reiterate what had already been said but to really rally the support of the people in this room to give as much as possible to really see this program through to its success.

Mario Calero was there. I think he said a few words.

No references whatsoever to direct military support. Afterwards things got a little different, but during the dinner it was very much on the up and up.

Q You recall Lieutenant Colonel North making a statement and perhaps Mario Calero; right?

A I think he said a few words. I think he said hello or thanks for all your help.

Q Did anyone else make a presentation?

A Rich Miller, Adam Goodman and Rob Goodman. Elliott Abrams was there. He and Ollie both came over. I don't think Elliott stayed for dinner, and I am positive Ollie didn't stay for dinner. But they spoke. And Spitz, of course. Fawn was there.

Q Fawn Hall?

A Yes.

Q Who was present among the 15 or 20 donors at this dinner at the Hay-Adams?

A You want to know the contributors' names?

Q Yes, as you can recall.

A Tom Clagett, Ralph Hooper, [redacted] Privacy
Mr. and Mrs. John Ramsey.

Do you want to know where these people are from?

Q That's not necessary.

A Ellen Garwood; [redacted] Privacy
Privacy [redacted] the late

How many do we have?

[redacted] Privacy
Privacy [redacted] I am placing them around the table in my mind. I will keep thinking about it. I think there is somebody missing.

Privacy [redacted] I just remembered that.

Q All these people that you just named were also present in the Roosevelt Room; is that correct?

A Yes.

I have photographs of the meeting. I am waiting for them to be returned to me. They were borrowed by ABC when I did an interview with them.

Q Did you have any responsibilities or obligations during this follow-up dinner?

A Yes.

Q Were there any particular people you were supposed to seek out?

A My two contributors were Ralph Hooper and [redacted] Priv. [redacted] Privacy

Q What did you do with respect to those two people?

A My responsibility was to extract as much money from them as possible. [redacted] Privacy presented me with a check as we were leaving the White House. Ralph Hooper sent his about ten days later. [redacted] Privacy was pretty much taken from me at the meeting as far as further solicitations. Because Dan had done a check in [redacted] Privacy on Washington On-Line and found out that he is very politically active with the conservative side of politics and reported that to Spitz, and Spitz then took Privacy [redacted] from me and talked to him himself.

Q So you were left with Mr. Hooper; is that right?

A Yes.

Q After Privacy [redacted] gave you the check did you take a look at it and see how much he gave?

A $30,000.

Q How much did Ralph Hooper give when he sent his in?

A $30,000.

Q Following the dinner at the Hay-Adams was there any activity, or did that close the evening?

A That pretty much closed the evening for me.

Oh, I forgot about Privacy [redacted] I think he was at the dinner. Yes, Privacy [redacted] He was definitely there. He was at the meeting and the dinner.

Q You said that the close of the dinner closed the evening for you. Did it continue for others?

A I believe so. I think it continued for Privacy [redacted] Privacy [redacted] and Kris Littledale and Spitz, because I'm positive the following day Privacy [redacted] met with Ollie privately

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one on one.

Q That would be Lieutenant Colonel North?

A Yes.

Q How did the meeting following the dinner with Kris Littledale, Spitz Channel and [redacted] Privacy come to your attention?

A I think Kris told me. It was quite obvious what Spitz was trying to accomplish after the dinner. He tried to accomplish it with [redacted] < Privacy > but [redacted] had to leave that evening. He didn't even stay for the entire dinner.

When I say trying to accomplish, I will explain that. Spitz would go for the jugular. He would determine that a contributor had a lot of money and could give a lot of money to our cause, and he would just beeline for them and find out whether they were potential Toys contributors, find out their level of interest in direct assistance to the freedom fighters. Often times he didn't even go that far. He would just encourage them to meet with Lieutenant Colonel Oliver North to discuss the needs of the freedom fighters. That would lend the credibility that he would need to get money.

Q You've covered a lot of ground. Let me back you up and parse that a little bit.

You had described Spitz Channell's approach to individual contributors. You are speaking now generally; is that correct?

A Yes.

Q That was based on your association with Spitz Channell over the course of a year; is that correct?

A It became very obvious to me after a few weeks. What exactly is your question?

Privacy

Q Let me get down to the question of [redacted] I am taking you back in time just to that evening; you haven't had your future experience with the Channell organization.

How did you know at that time what Spitz Channell was doing with [redacted] Privacy

A I was told by Dan and Cliff and Kris that this is how Spitz operated. I was told this from day one, that we would basically find the fish and bring them to him and then he would take over, because he had the ability to extract much larger sums of money than we would, and that he would be meeting privately with the contributor and Colonel North; it would never be the fund-raiser. But there was an exception made to that, as you will learn later on.

After the dinner I can see it in my mind as clear as day. Everyone had pretty much left the dining room and had gone home or gone to their rooms and Spitz was continuing to talk to Privacy [redacted] privately, and Kris Littledale. I am 99 percent positive that the following day Privacy [redacted] met with Colonel North privately.

Q Now I am going to ask you step back even further in time.

Before the dinner at the Hay-Adams and before the Roosevelt meeting, you just said that you were given a description of Spitz Channell's modus operandi by Cliff and Dan Conrad and Kris Littledale. That followed, I gather, shortly upon your coming on board; is that right?

A Yes.

Q So before you even got to this dinner at the Hay-Adams you already had a prior understanding as to how Mr. Channell operated; is that right?

A Yes.

Q Did they also describe this relationship between Spitz Channell and Lieutenant Colonel North?

A No. It was never described to me. I was never told how it came about. To this day I don't know when they met or how they met.

Q I am not talking about that. I am talking about that there was a relationship. Not how it evolved, but that there was a relationship.

A In fact, I probably learned that my second day on the job, because we have a tape of a conversation I had with Ralph Hooper. I was in the process of inviting him to this dinner and he -- it wasn't Ralph Hooper. It was [redacted] Priv [redacted]. Privacy This contributor who didn't come and didn't really contribute anything asked who was behind this, and I didn't know. I kept saying we're working very closely with the President, because this is what I was told. You can tell on the tape that I don't know.

I put the man on hold. I'm in the same room with Kris Littledale, because we raise money together. You can barely hear Kris, but you hear me asking, well, what am I supposed to tell him? Who are we working with? What names am I supposed to give him? Kris told me to say Ollie North, Colonel North at the NSC. And I get back on the phone and I say this to this man. Then I was later told

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never to do that again, that that was not to be discussed, ever.

Q Was that your first understanding that there was a relationship between the Channell group and Oliver North?

A Yes.

Q And that is within two or three days of your coming on board?

A It would have been like the second day.

Q Another ten days or so goes by before the meeting on January 30; right?

A Right.

Q Did you then in that interim period get more information about the Channell group's relationship with North?

A No. Not really. There are comments made, references made, but I don't put it into perspective until February when we set the stage for a private meeting with Colonel North. It is really not until February that I become familiar with the Toys project.

Q On the subject of your phone call with Privacy [redacted], you placed him on hold and you turned to Littledale for some guidance and he gave you the

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information on North. You then testified that you were told subsequently never to do that again.

A Yes. Because we relayed the conversation back to Spitz.

I wasn't certain that Kris really knew that this is what was to be said, because he hesitated. But this man was pushing me for names and I didn't know what to tell him. Spitz said if they want to know have them call me but do not discuss our relationship with Ollie North to any prospective contributors and never talk about him over the phone.

Then, a couple weeks later I learned -- I can't remember exactly when, but it would have been after the meeting -- I would have heard reference to Green prior to the meeting, in the two weeks that I was there. Reference to Green was made from day one. I didn't really come to fully understand who Green was or what Green was until about February.

Q We'll get into that in just a minute.

MR. COHEN: I don't think you have established for the record what or who Green is.

MR. WOODCOCK: We haven't, but we will.

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BY MR. WOODCOCK:

- Q Green was a code name for North; right?

A Yes.

Q I gather this conversation on whether you were supposed to use the reference of North or not was with Spitz Channell himself.

A Yes.

Q Was that between you and Kris and Spitz Channell?

A It might have been just between Spitz and me.

Q Returning to the matter of Mr. Channell's solicitation of [redacted] Privacy, in watching that go forward you had in your mind, I gather, this prior information that you were told by Dan, Cliff and Kris.

A Yes.

Q Then you also testified that you are 99 percent sure that [redacted] Privacy had a meeting with Colonel North the following day. Could you tell us on what you base that assumption?

A I am pretty sure Kris told me. Kris Littledale and I were pretty close. In the beginning we were the only fund-raisers. Cliff and Spitz raised money, but Cliff had

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a private office and Spitz was never in the office. He worked out of his home. So it was just Kris and I working together.

Q Let me back up now to the subject of Lieutenant Colonel North and the use of the code name Green. When did you first come across the use of the term "Green"?

A Reference was made to it from day one. I can recall references being made to the Toys project and Green. I may have even asked in January. I don't recall really knowing until February.

Q Let's proceed to that point. In February you begin to get a greater understanding of the meaning of the term "Green." How does that come about?

A We are in the process in early February of setting up a meeting with Colonel North, who was code named Green, a private military briefing, and we would be sending out Mailgrams, which were subsequently sent on the 10th of February. Kris pretty much explained it all to me. I remember being told by Kris that we were the organization working directly on behalf of the President and his policies in Central America, providing direct military support to the freedom fighters until Congress made up

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their mind.

- Q That conversation occurred some time in February; is that right?

A I am going to go with February. There is only one thing that makes me think that maybe something was said but that it wasn't fully explained to me prior to February, and that is a telephone conversation that I had with Ralph Hooper in inviting him to the White House meeting on the 30th. We have a tape of the conversation. He makes a comment: "Is this money to buy arms?" I said, "No, absolutely not," and he said, "Because I'm not against that either."

I remember when we had to send the tape over to Spitz' house, because it was my first score. I got 30 grand. My third phone call. Kris said, "I can't believe he said that. That's really good that he said that. That's going to be important later on."

I think I later learned what he was referring to. So some reference was made, but it was not fully explained. I didn't come to terms with what it was all about until February.

Q So the Hooper conversation takes place some time

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before the meeting on January 30; correct?

- A Yes.

Q Then some time after the meeting on January 30 you and Kris Littledale have this discussion about how the Channell network interacts with Lieutenant Colonel North; is that correct?

A Yes.

Q That conversation would have taken place no later than February; is that correct?

A Absolutely no later than February.

Q Let's go back to that conversation. How did it happen that that conversation came about with Kris Littledale?

A I think we had been told that we were going to be having a briefing, and since Kris and I spent so much time together Kris talked to me about it. He had been to previous briefings in late 1985. Because Kris had been there since August 1985. So he told me what it was all about.

Q Recount that conversation, if you would, please.

A He would tell me that we were working directly --

Q He did tell you?

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A Yes.

- Do you want me to repeat what I just said?

O Yes.

A That we were the organization working directly on behalf of the President and his policies in Central America to provide direct military assistance to the freedom fighters until Congress made up their mind, and it was crucial to keep this very quiet; if the liberals were to find out about the Toys project it would destroy the policy all together; it was up to private citizens to pick up the slack until Congress came to terms with the growth of communism in Central America.

O Kris told you that it was important to keep this quiet and explained that if the liberals found out about the Toys project they would destroy it; is that right?

A Kris said it, Cliff said it, Spitz said it.

O I am concentrating on Kris right now.

Did he explain to you at the same time what Toys meant, or did you already know what Toys meant?

A The Toys referred to the project to provide direct military assistance to the freedom fighters.

O I am asking a little different question. Did he

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tell you what Toys meant during that conversation?

A Yes.

Q Could you then go on and describe how he described his understanding of the Toys project?

A A project working directly on behalf of the President and his policies in Central America to provide direct military assistance to the freedom fighters of Nicaragua until Congress made up their mind.

Q That was his description of Toys; correct?

A Yes.

Q In that conversation did that explain to you his earlier reaction to your description of Hooper's willingness to give money for arms, or did you already have an understanding before that?

A This explained more.

Q Did he bring up the Hooper conversation?

A I don't recall. I'm sure we talked about it. He may have suggested that I send Ralph a Mailgram.

Q I gather that at the same time he fully explained to you the use of the term "Green"; is that right? Or did he have to at this point?

A He didn't have to. I understood all of it by

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then. The way this office worked -- you may not fully understand this, because you didn't work there. Everything that we came to know was often implied. I would tell you something but I would not tell you in very specific terms, but you would come to understand by the intonation in my voice, etc., etc. Oftentimes things would be said through Dan or through Cliff that were actually the words of Spitz. Cliff was Spitz' appendage. If Cliff said something, it was coming directly from Spitz, and Dan and Kris pretty much worked the same way.

Q Let me back you up to your discussion with Kris Littledale.

Did Kris himself, notwithstanding that you may have already understood this, explain to you during that conversation how Green related to Lieutenant Colonel North and how North related to the Channell organization?

A It was explained to me that Green was the code name we used for Colonel North in conversations among ourselves, on the phone, in the office. We were never to refer to Colonel North as Colonel North over the phone; it was imperative that we keep this relationship very quiet; if it were to be found out by every Tom, Dick and Harry, it

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could really get in the way of the objectives of the Toys project and our work on behalf of the President.

From that day forward I referred to Ollie as Green.

MR. DUNHAM: Jane, did you understand that Mr. Woodcock was asking you whether or not this explanation of the need to refer to Colonel North as Green, that he wanted to find out whether or not that explanation occurred during the same conversation when Littledale was explaining the Toys project to you?

THE WITNESS: How can you expect me to remember the complete conversation of a year ago?

MR. DUNHAM: We understand that. If you don't recall, just say you're not sure.

THE WITNESS: I learned these things from Kris. I don't remember if they were in the same conversation.

MR. WOODCOCK: Let's go off the record for a minute.

(Recess.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q Let's turn now to Dan Conrad. You said earlier

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that Dan Conrad also gave you information on Toys and on the Green relationship. Could you tell us how that came about?

A I don't know what you mean by that. Do you mean when did he talk with me?

Q What is your earliest recollection of Dan Conrad bringing this to your attention?

A In the beginning of the year, in February, when we were preparing for our military briefing with Colonel North.

Q How did that happen?

A How did my conversations with Dan happen?

Q Right.

A He would address me on what we were preparing to do.

Q What would he say?

A Dan didn't say much at all in reference to the Toys project or Green. He would ask me how things were going in getting people here for the briefing. He did not go into detail about Green or the Toys project. Kris for the most part did, with me. I spent most of my time with Kris discussing the Toys project, what we were trying to

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do, how we were to screen potential contributors. Spitz would sometimes sit down with me and help me to develop a strong solicitation in screening contributors. Sometimes Cliff would talk to me about how to do so.

Q I want you to go back to the question of Dan Conrad. Did Dan Conrad every talk to you in specific terms about Toys or Green?

A Yes, he did. I don't recall when. I don't recall exactly what he said, but among the five of us we all discussed the Toys project and Green. Sometimes in very general terms, sometimes in very specific terms.

Q So it is your testimony with respect to Dan Conrad that you remember that he mentioned these topics to you but you do not remember the substance of his conversation beyond the topic; is that correct?

A Yes.

Q You also mentioned Cliff Smith as somebody who would raise the question of Green or Toys. What is your earliest recollection of having such a conversation with Cliff Smith?

A I don't recall. I didn't spend a lot of time with Cliff either.

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Q What do you recall at all about your conversations with Cliff Smith on the subject of Green and Toys?

A I remember him congratulating me when I succeeded in getting Bill O'Boyle here and Bill O'Boyle in turn gave $130,000 and had met with Ollie privately. He asked how it was going with other contributors, was I having a difficult time screening them, was I finding contributors who were responsive to what we were trying to accomplish.

Q Did Smith himself specifically refer to Toys during these conversations?

A Sometimes he would, sometimes he wouldn't.

Q Did he explain to you what he meant by Toys?

A No.

MR. WOODCOCK: Off the record.

(Discussion off the record.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q Ms. McLaughlin, what kind of instructions were you given with respect to the Toys project and soliciting contributors?

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A I was instructed to contact prospective contributors to the Central American Freedom Program and that would act as the front, I guess, in some ways to the Toys project; I would talk to these contributors and I would be able to determine just in the course of the conversation whether they were really angry that Congress was not taking a positive stand and supporting the President; you could just determine by the things that they would say that this person was definitely a potential contributor to the Toys project or not; and if they would make comments that would refer to sending the 82nd Airborne down there and cleaning out the cancer and killing the commies or something along those lines, that was to let a little green light go off in our head, and we would continue to move them in the direction of that conversation and really find out whether this person is the kind of person that would be able to support a project that is providing direct military assistance to the freedom fighters in a very secretive sort of way.

My two Toys contributors were bill O'Boyle and Bruce Hooper.

Q You say you were instructed to go through this process with these contributors. Do you recall how it was that you received these instructions?

A The instructions with regard to the screening process were provided me by Spitz, Kris, and Cliff.

Q Was this all in a general meeting? Is that how this comes out?

A No. Kris and I worked in the same area of the town house together. We would make a call and then I would make one, and we would help each other make the solicitations and determine whether people were hot for this project or not hot for this project.

Usually, the way it worked is Spitz would come in late in the afternoon and we would all go for drinks, or he would sit in the office upstairs and we would all come into the office upstairs and sit around his desk and he would talk with us about how things went that day, and he would write notes on a board where you wipe things off. It's not chalk. And we would receive more instruction from him at that time. Sometimes I would be uncertain of how to proceed and I would go back and talk with Kris in his office and get some instruction from him.

Does that answer your question?

Q Up to a point.

Before you picked up the phone and called your first prospective Toys contributor you had received some instructions on what to do; is that correct?

A Yes.

Q From whom did you receive those instructions?

A The initial instructions?

Q Right.

A From Spitz.

Q Was that done at a group meeting or personally?

A I would have to say it was a group meeting. Because Spitz and I didn't spend a whole lot of time one on one until Bill O'Boyle came.

Q In the pre-O'Boyle era you have a group meeting with several other Channell employees and Spitz; is that right?

A It was always just Spitz and Cliff and Kris and I, since we were the fund-raisers.

Q In giving you these instructions on screening did he also tell you what the Toys project was all about at that time?

A He never really had to. He would discuss it.

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He would talk about it in terms of we were the organization working directly -- there was a lot of reiteration of that -- working directly on behalf of the President, working very closely with Ollie North to find those very select and highly patriotic Americans who would stand up in defense of freedom and democracy and provide the financial assistance to the Toys project in order to provide the direct military support of the freedom fighters?

Q Did he use the phrase "direct military support"?

A Yes.

Wait. This is the problem that I have had. I cannot remember Spitz ever using the term "military." I can remember him saying nonhumanitarian assistance, direct support. It was Kris and only Kris in the course of the year I spent with them who came out and referred to this as guns and mortars. Kris would use very specific military terms.

Q So your recollection of what Spitz Channell would have said, he would have used terms like "nonhumanitarian assistance" or "direct support"; is that correct?

A Yes.

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Q Did he at the same time direct you towards people whom you just described as wanting to kill commies or bring in the 82nd Airborne or whatever the case may be? Was that done in this presentation as well, in your instructions?

A Do you mean directing us to specific people?

Q Before you picked up the phone and called your first prospective Toys contributor you had this presentation by Spitz Channell. In that presentation you recall he might have used terms like "nonhumanitarian aid" or "direct support."

A Okay. There is something missing here. We would call always to discuss the Central American freedom program. It was ongoing from January until, I think, June, because the vote took place and passed in the House June 25th. So it was ongoing until that time. So it is as if we would be calling always on the Central American freedom program with in the back of our mind reserving the green light that we should take the opportunity to discuss how people really feel about this issue and where they stand in support of the freedom fighters and how strong their position is, etc. And if we would learn that, we would

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then take them in the direction of determining whether this is a person who should be sent a Mailgram or talk to them about an upcoming private military briefing with a high level national security official: "would you be interested in coming?" That's the way it worked.

Have I explained that?

Q I understand that. But how does that relate to Toys? Did you have a connection in your mind between that kind of screening process and the Toys project?

A Most definitely. In determining whether these people were kill the commie types, these were also the people that would be sent a Mailgram to be invited to this private military briefing, and the purpose for coming to the private military briefing was to find people for the Toys project.

Q Before you called your first Toys contributors you were familiar with the term "Toys"; is that right?

A Yes.

Q Was that partly based on the briefing by Spitz Channell that you described?

A It wasn't calling my first Toys contributor. That is not the way it worked. They weren't set aside initially from any other prospective contributor to our Central American freedom program. It was just taking them one step further.

Q Let me stop you right there. Presumably you were given some instructions on at least determining that kind of information from a prospective contributor; right?

A Yes.

Q Was that done at a briefing with Channell? How did you get the information that led you to seek that kind of information from a prospective contributor?

A We, the fund-raisers, were given this information. Kris and Cliff were already familiar with this, because they had already attended Green briefings. We were in the process of setting up a private military briefing. I think it was scheduled to be March 10, and we were sending out Mailgrams that started being sent out February 10. So I was given specific instructions. We didn't want people coming to this briefing who were not kill the commie types. We were only to invite people that we really believed would be potential contributors to the Toys project.

Q Focusing on the kill the commie types as part of

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your screening, where did you come by that? Was that at a meeting or did you pick that up by osmosis? How did that happen?

A I was told how to screen contributors by Spitz.

O Is this the meeting that you described earlier in your testimony where these words of implication "nonhumanitarian assistance" were used?

A We met with him every day. He came into the office in the afternoon just about every day. This was all that we were working on. So he would either be focusing in on contributors for the placement of the ads, getting money for the placement for the ads. He would talk about that.

Or he would talk about getting money for the Toys project and how much was needed. And he had just met with Ollie this morning and this is what he had learned. And we need to have a briefing and we're going to have a briefing in March, so we are going to send out Mailgrams -- "how are you doing with that?" "You have to remember, Jane, Kris and Cliff, that in talking to your contributors, talking to these potential contributors, you don't want to discuss openly what we are doing, because you don't know where these people really stand. You don't know if they

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have an ability to keep this quiet. We have to be very careful.

He would just be very specific: "When you talk to these people you will know if this person is truly a patriotic American. You will know if this person is truly anticommunist and wants to stop the war in the Central America and having Central America be established as a communist beachhead."

This is how he would talk to us. And we would learn from things that he would say how we were to go about our solicitation.

Q Rather than focusing on any particular meetings, you had daily meetings with Channell or nearly daily meetings. In these meetings collectively was Channell using the terms "direct support" and "nonhumanitarian aid"?

A Yes.

Q From your recollection collectively from these meetings, was he also connecting this notion of direct support and nonhumanitarian aid to the Toys project?

A Yes.

Q I gather from what you are telling me that this particular set of meetings that you are referring to were

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to prepare you to solicit people for the March 10 meeting; is that right?

A Yes. And then there were subsequent lunches and dinners and drink times. Because we had another briefing. There were two briefings held in the spring, April 16 and March 27.

Q Ms. McLaughlin, are you familiar with the term "Santa's list"?

A Yes, I am. It's funny that you should ask that. I remember Cliff -- I'm positive that he was standing by Angela's desk and he said something to --

Q Angela Davis?

A Angela Davis. This was at our town house on Capitol Hill.

Q Is that the headquarters for the National Endowment for the Preservation of Liberty?

A Was. 305 4th Street, N.E. All the organizations were in the same building, same office.

This would have been probably even before the January 30 meeting. I remember Cliff giving instructions. It's very vague, but I remember him saying something about Santa's list. But certainly in the entire time that I was

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there there was never any reference to Santa's list being for toys for the rebels' families and their children. We never worked on anything like that. The only program that we had that that would have been even remotely similar would have been our Food for Freedom project in August, when we were raising money for food.

Q In this event that you just described with Cliff Smith and Angela Davis, do you recall Cliff going beyond the use of the term "Santa's list" and saying what Santa's list was?

A No. I didn't ask him. I just remember the term being used. I think he was giving instructions to Steve McMahon, because Steve was sitting in the kitchen. That was our accounting office. He was giving instructions for Steve to prepare something, a printout for Santa's list. That was the only time that it came up. I remember that one reference -- actually I remember two. I take that back. Spitz said at some time in the very beginning that Santa's list was being abolished; we weren't going to be working on Santa's list anymore. And I never asked. Because we weren't working on it, I never bothered to ask what Santa's list referred to, but I certainly do not

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recall ever hearing that Santa's list referred to toys for children, and I never heard the Toys project referred to as that by anyone. Never, ever.

Q On the phone calls that you made with respect to this meeting which was at that time scheduled for March 10, who did you call?

A It was scheduled for March 10, but it wasn't held on March 10.

We sent Mailgrams out the 28th of February, and it was to be held March 10, but it wasn't, because the vote was coming up and I think we wanted to wait until after the vote.

I was continuing to call. This was to be sort of a secondary project. While it had tremendous importance, the purpose for our calls was to raise money for the Central American freedom program, and we were to also use that as an opportunity to determine where people stood. We wouldn't have called somebody up and said "do you feel like killing commies in Central America?" We would have to have some basis from which to work, and that basis was establishing our credibility with the Central American freedom program.

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I talked to a lot of people. I know that I sent a lot of Mailgrams out to people that I didn't talk to, that I couldn't get through to. For instance, [redacted] is Hispanic. I focused on a lot of Hispanic wealth in this country, because I expected that Hispanics would be one of the first people to respond to something like this, because it is literally saving their own people in many cases. I went after a lot of Cubans, because they had already been through it.

Q Do you recall anyone that you solicited who responded to your effort to find out whether they would support something like sending in the 82nd Airborne?

A Yes. Bill O'Boyle. I would have spoken to him on March 26.

Q March rather than February?

A Yes.

Q What did that conversation consist of, as you recall?

A He was a referral from a contributor in Texas. I always made it a practice to ask people if they knew of others who would be interested in the work that we do. I called Bill and finally got to talk with him the day before our meeting. I was talking to him about the Central American freedom program and he was telling me all about himself and his position, etc. Actually, he offered money without me even soliciting him. He offered $10,000 just out of the blue, and I thought, my Lord, I've got a live one here. I guess I'd better follow this up.

I could tell just by things he was saying that he was very concerned with the spreading of communism in Central America and didn't feel that we were addressing the issue adequately. I said, "It just so happens we're having a military briefing with members of the National Security Council. Perhaps you would be interested in coming."

He was very interested. He flew down the next day. I picked him up at the airport.

I think there were only three potential contributors at this briefing, and I think they were my three potential contributors. I don't remember any other contributors but my own.

We went to the OEOB. I got his clearance information. I had gotten it the previous day. We went to the OEOB and we got cleared. And then we went to a conference room. For some reason I remember the Indian

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Treaty Room. There was a slide projector and a screen set up. One of Ollie's assistants, a young marine, brought in the slides. The executive staff was present.

Q The executive staff of NEPL?

A Dan, Spitz, Cliff, Kris and myself, any my three contributors. Wait a second. There were two other contributors there. I know why I didn't remember, because they couldn't come to the dinner. That's what it was. [redacted] Privacy I can't remember his name. They're local. It was a husband and wife. [redacted] Privacy [redacted] Privacy I'm positive they were at that briefing.

Q Do you recall the other contributors who were present? Bill O'Boyle would be one.

A Bill O'Boyle. [redacted] Privacy and he is the chairman of [redacted] Privacy here in Washington. [redacted] Privacy [redacted] Privacy and he is an Hispanic consultant.

The briefing itself was the only important thing that I recall being said. Ollie himself never said anything that referred to direct military assistance. One comment that he did make, and he made it at this briefing and he made it at the subsequent briefing. One of the

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contributors would ask a question, something referring to their needs, something that would be more specific. I don't remember exactly who the contributor or what the question was. I just remember very distinctly Ollie's response, and that was in a very casual way he would say, "Well, there are a lot of things that I cannot discuss on this side of Pennsylvania Avenue but that will be addressed by my friend Spitz later on." Meaning the other side of Pennsylvania Avenue in the Hay-Adams Hotel, because after these briefings we would always go back and have dinner in a private suite in the hotel.

Q Let me ask you a couple questions to clarify this meeting. The briefing was conducted by Lieutenant Colonel North; is that correct?

A Yes.

Q Your reference to the question coming from one of the contributors as to what their needs were referred to the needs of the Nicaraguan opposition; is that correct?

A Yes, the freedom fighters. Yes. I think in one case the question was specific to money. I can remember Ollie just sort of smiling and then casually saying, "Well, there are a lot of things I can't discuss on this side of

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Pennsylvania Avenue." I remember that as clear as day. It's strange how things just stand out so perfectly. That's what he said, verbatim.

MR. DUNHAM: Jane, was it clear the question related to money for weapons? Was it in the context of a part of the briefing where North was talking about the tremendous advantage that the Nicaraguans had over the contras with regard to Russian equipment?

THE WITNESS: Yes. Because he would really go into detail about the Soviet military power in Central America. It was natural progression that one of these contributors would ask something about, well, how in the heck are the freedom fighters going to combat communism in Central America? It was almost as if he was setting the stage for what we would then be doing after the briefing at the Hay-Adams.

BY MR. WOODCOCK:

Q Let me ask the same kind of question in a different way. Would he in his briefings for prospective Toys contributors get into the help that was being provided by NEPL by virtue of humanitarian assistance or TV ads or that sort of thing?

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A No. He would refer to what a great job we were doing and how important what we were doing was to the President and to the freedom fighters. He never defined what it was.

(Exhibit No. 1 marked for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

Q Ms. McLaughlin, do you recognize that document?

A Yes, I do.

Q What is it?

A It's a Mailgram that I sent out to [redacted] inviting him to a private meeting on Nicaragua here in Washington.

Privacy

Q Was that a reference to the meeting that you just described?

A Yes.

Q Was this meeting that you just described where Lieutenant Colonel North provided a briefing of the Nicaraguan situation known as a Green meeting?

A Yes. In fact, you will probably see it written as Green meeting in Angela's book.

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Q Are you referring to her scheduling book?

A Yes.

Q What happened following the briefing?

A We left the OEOB and went back to the Hay-Adams. We went to a private suite with a beautiful view of the White House. The television screen was set up and there were promotional packets on everybody's chair for the National Endowment. It would include story boards for the television ads that we placed, and it would include a bio of sorts on Spitz and a bio on the National Endowment and copies of all the letters that we had received from the President; a tax deductibility statement. That's about it.

Rich Miller and Frank Gomez were at the dinner. Jeff Keffer may have been there.

Q Were all the contributors there?

A Yes. It was just three. It was my three contributors.

Privacy

Q [redacted] were not there?

Privacy

A No. And I'm not real positive on the [redacted] attending this briefing, but it seems to me that they did. I remember they definitely didn't come to the dinner, and I'm pretty sure it was this briefing.

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Q You do recall them coming to some briefing; is that right?

A There were only two. So it was either the March 27th or April 16th.

Q Was there a presentation made at this dinner?

A Spitz spoke, but it wasn't the kind of presentation where he would be behind a podium or anything like that. He did stand up, and maybe Dan stood up, and said we would like to show you some of the ads that we have recently prepared that are going to be run in the key media markets, etc.

The interesting thing that transpired prior to our actually sitting down to dinner was we had an opportunity to have some drinks and mill about. The whole staff was there. To fill up the room, if nothing else. Kris Littledale had an opportunity to chat with Bill O'Boyle. He comes over to me and discretely says, "Well, Bill O'Boyle just offered another 20 grand. I think you've got a live one here. You'd better tell Spitz. I think he's good for the Toys project. He's good for Toys."

So I went over and told Spitz and Spitz then arranged for Angela to change the seating assignment so that he would be seated next to Bill O'Boyle. We had these really nice name cards that had our names and the contributors' names in calligraphy on one side and then a quote by the President on the other side: "You can accomplish much if you don't care who gets the credit."

The cards were changed so Spitz was seated at Privacy the same table with Bill O'Boyle, me, [redacted] Privacy [redacted] and it was either Kris or Cliff, one of the two. It might have been both. I think it was just Cliff.

We had dinner and we saw some of the ads.

Q These are the TV ads that NEPL prepared but which hadn't aired yet?

A Yes. Some hadn't aired. Some had just been produced.

I can remember Spitz chatting with Bill, and I am supposed to be chatting with [redacted] Privacy who wasn't responding to anything I was saying. So I was more in tune to what Spitz was doing with Bill O'Boyle, because he was literally taking my contributor and I wanted to know what was going on. He sat there.

After we went through dinner Spitz said some things that led the conversation in the direction of how

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can we expect these young men and women to -- I think I remember. We had shown one of the ads that focused on the HIND Mi24 helicopters.

Q Those are the Soviet helicopters?

A Yes. The most powerful gunships in the world flying about Nicaragua. He then made reference to "how in God's name can we expect these young men and women to combat communism when they have got to deal with this kind of military power?" So he would say things that would lead the conversation in this direction.

Q Did O'Boyle respond to this?

A Yes, he did. He was angry. Spitz knew immediately. It was just so obvious. He leaned over -- I had one ear glued to their conversation -- and he said, "Perhaps you'd be interested in meeting with Colonel North privately and discussing this more in detail." Bill said, "Yes, I would."

So it was arranged and the very next day they met.

Q Did Channell pretty well concentrate that evening on O'Boyle and no one else?

A Yes.

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Q You just said the following day there was a meeting involving Lieutenant Colonel North. How did that come to your attention?

A I think they met in the morning. Dan came back to the office and I asked if he had heard anything yet, because I hadn't gotten a call from Spitz, and Dan said to me, "I think it went real well. You should be proud of yourself. Congratulations. I think it went real well."

Q You understood that to be a reference to the meeting with Lieutenant Colonel North; is that correct?

A Yes.

Q Did you ever receive any confirmation that that had occurred beyond what Dan Conrad said?

A Yes. Bill O'Boyle popped up at our offices three days later.

Q Could you tell us what happened when Mr. O'Boyle reappeared?

A He came to the office. I answered the door. And I was shocked. He came totally unannounced. It was literally three days later, the 31st of March. It was a Monday morning, and there he was. I was just shocked. He seemed very nervous. He said, "I have something for you

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and I wanted to hand deliver it." So I asked him to come in and he hands me a check in the amount of $130,000 made out to the National Endowment for the Preservation of Liberty. I called Spitz immediately at home. Spitz tells me to give the check to Steve and have it deposited in the Toys account.

Q Steve McMahon?

A Yes. Little did he know that Steve was not in the office. He didn't really know that Steve had a helper, who was Phil Meo. So I gave the check to Phil Meo.

Spitz told me to ask Bill if he would have lunch with Spitz, meet him at the Hay-Adams, and that I should take him over to the Hay-Adams and stay there with him until Spitz arrived, and not to discuss anything, to have a casual conversation.

So I followed his instructions and took Bill to the Hay-Adams. Spitz was late, as usual. Bill ordered lunch. A very odd thing for him to order after just giving us $130,000 for what I believed and what he believed was direct military assistance. He ordered steak tartar. I'll never forget that. Raw meat.

Then Spitz came and that was my cue to leave.

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mikepaulus

Q So you were not present beyond the initial introduction or reintroduction?

A I stayed with him there for maybe a half an hour, because Spitz was late. I remember ordering a salad and just waited until he got there. All he did was talk about the work that he does and his family. Nothing with regard to his meeting with Ollie or anything like that.

Q Let me back up on a separate point just to make it clear on the record. Were Steve McMahon and Phil Meo both accountants for Channell?

A No. Steve McMahon was the accountant for Channell, and his affiliated organization. Phil Meo was a friend of Steve's who was hired just to do some bookkeeping. Phil is not an accountant, does not have any accounting background whatsoever. He just needed a job and Steve needed some help.

Q So he was functioning as a bookkeeper?

A Yes.

Q And that is why you took the check to Phil Meo?

A Yes. Steve wasn't in the office. Phil was, in a reasonable facsimile thereof of an accounting department.

Q Did you discuss with Channell after he returned

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from lunch or at any time subsequent to this lunch what happened with O'Boyle?

A No, I did not. He thanked me, and I was given credit for the $130,000. It was really Dan who told me that things went real well and they were going up to New York to meet with Bill.

Q This is following the lunch?

A Yes. This was that week. I think they went up to meet with him in New York. Because then some strange things happened. I remember that afternoon I wrote Bill a really nice letter and sent him a copy of Shirley Christian's book Nicaragua, and he wrote me a letter back thanking me for the book and looking forward to seeing me in the near future and working with us. The next thing you know he sends a Mailgram to Spitz saying "I can't have anything to do with your organization anymore. I've done all the fund-raising I can do. I've helped all that I can."

When I asked Dan about this, I said, "Well, obviously Spitz went for the jugular and it backfired." Which happened with [redacted] — Privacy as well. Dan said, "Well, he's the kind of contributor that is hot and cold, and he's cold right now, but he'll be hot again soon."

- Q Did you have another briefing with Lieutenant Colonel North in April?

A Yes. April 16th.

Q When were you first given a notice that that was in the works?

A After the March 27th briefing we were to prepare for the April 16th briefing.

Q Were you given similar instructions to try and screen people for this briefing?

A Just to continue doing what we had already been doing. Spitz had been encouraging me to get Ralph and Bruce Hooper down to one of these briefings. Ralph wasn't interested. Even after saying that he wasn't against buying arms, I guess we learned that he didn't want to put his money where his mouth was. But his brother certainly was interested, who later came to a briefing one on one that I took him to.

Q I gather that Bruce Hooper and Ralph Hooper were both contacted with respect to this April 16 meeting; is that right?

A Yes.

Q And yet neither could make it; is that right?

A Neither could make it. Both were sent a letter. We gave them an option actually, because we were going to have two briefings in April, one on April 16th and one on the 23rd, and the 23rd was canceled.

Q Did you solicit anybody who showed up at this April 16 meeting?

A Yes. I solicited a referral that I had gotten Privacy from Privacy [redacted] and the referral was [redacted] He is a big businessman on Long Island. He has all kinds of different businesses. Privacy [redacted] had told me that he thought Privacy [redacted] would be very interested in the work we were doing. I invited him through a Mailgram, because I was never able to speak with him, and he came down to Washington for that.

Who else did I have here? Privacy [redacted], who had already given us $5,000 toward the Central American freedom program. Spitz wanted me to cultivate him as a Toys contributors and get him here, because he's a very wealthy Texan. He did come, finally.

Q Had you already identified Privacy [redacted] as a potential Toys contributor or were you directed to him by Channell?

A He was very supportive of the President's policies and a hard-line conservative and felt that the freedom fighters needed a lot more than they were getting. I think that Privacy [redacted] would have wanted to do everything legally.

Q Did you know that or were you directed to him by Channell, or was it a combination?

A I knew that, because I had been talking to [redacted] Privacy for quite a while. He was the contributor that referred me to Bill O'Boyle. I think I tried to even get Privacy [redacted] to come to the March 27th briefing, but his schedule wouldn't permit. So I finally got him to come to the April 16th. Spitz had definitely told me that he wanted me to cultivate him, to get money from Privacy [redacted] and get him to be a contributors to the Toys project.

Q Was this based on what you told Channell? Did you share with him your insights into [redacted] Privacy

A No. He knew of Privacy [redacted] prior to this time. In fact, I think they tried to get him to come aboard as a contributor and they weren't successful. So when I got him to come aboard it was then -- there were a couple of other contributors like that that they had trouble with that I brought aboard, and then Spitz wanted me to get more from them.

Q I gather this briefing on April 16 actually occurred; is that right?

A Yes.

Q Do you recall who was present at the briefing? Were you present at the briefing?

A Yes. It was very similar to the March 27th briefing. It was held, I'm pretty sure, in the same room. I don't recall the other contributors that were present. I recall my contributors that were present: [redacted] Privacy

[redacted] Privacy There were other contributors of the other fund-raisers. I don't remember their names. Nobody gave any significant money. Nobody met the following day with Ollie, because I would have heard about it.

Q I gather that, as with the prior briefing, Lieutenant Colonel North provided the slide show and maybe narration; is that correct?

A Yes. It was almost identical. He even made the same comments.

Q That being the one "there are things I can't talk about"?

A Yes.

- It was Kris Littledale's contributor who asked the question. What the heck is his name? He asked a very specific question. He's a Washington guy. I can picture him. It will come to me. But he was the contributor who asked the question, because it was very pointed. It was almost as if he was playing devil's advocate. All of us got that impression. You could see the strain in Dan's face and Cliff's face, because this question just seemed so out of context.

Q Do you recall how the question was framed?

A No, I don't. I just remember that the question was very specific as to raising money for direct military support. It was just asked in a way that seemed more in opposition to that than proposing it.

MR. DUNHAM: What was the answer?

THE WITNESS: The answer was, "Well, there are a lot of things that I can't discuss on this side of Pennsylvania Avenue."

BY MR. WOODCOCK:

Q Do you recall what stage of the briefing Lieutenant Colonel North was at? Was there anything in

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particular that prompted this question?

A I don't recall. I would have to say it was probably about the time that he was really discussing in detail Soviet military power, the amounts of money coming in through the Soviet Union via Cuban and the Eastern Bloc nations, the amounts of money funneled in through terrorist groups, Ghadafi and through Libya. He was discussing all that in very specific terms. I am pretty sure that is when the question was posed.

Q Let me run a couple of names by you and see if you recall whether these people were present at the meeting.

Ellen Garwood.

A No.

Q How about Thomas Clagett?

A No. They were only present at the meeting on January 30th.

Q Following this briefing was there again the usual dinner at the Hay-Adams?

A Yes. This was the dinner where Spitz was discussing in very specific terms transport planes. He didn't say what for. He just said there had been a recent

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invasion by the Sandinistas of [redacted] and they had lost, I think, two transport planes as a result of that invasion. So that was discussed by Spitz very openly.

There must have been six contributors there. For the life of me I can only remember my two and then Kris Littledale's contributors. So there were three more, and I don't remember who they were. But I remember Spitz saying "we need $600,000 to buy these transport planes and there are six of you here, so I hope that you all be able to help accordingly." [redacted] looked at me and he said in Spanish, "That's $100,000 each. That will be no problem." Of course I was ecstatic, but that never materialized. He disappeared the following morning and we never heard from him again.

Q Did he ever make a contribution?

A No. Smart man.

Q Following this briefing on April 16, I gather that you began to develop a relationship with Bruce Hooper.

A No. It happened prior to that. I had developed a relationship with the Hooper brothers. Much more so with Bruce. I had gone back to Ralph for more money for the

Central American Freedom program, because we were really beefing up the advertising prior to the March 20th vote, and Ralph said, "Well, I can't help anymore, but why don't you call my brother?" That's when I started talking with Bruce. Bruce subsequently sent $15,000 for the Central American Freedom program, and then I just started talking with him. Bruce and I hit it off. He's a really neat man.

Q So following the briefing on April 16 you continued to have contact with Bruce Hooper; is that right?

A Yes. I wanted to try to get the two of them. And then there were two other brothers. They have a family foundation. Spitz really wanted the family brought on board because he wanted access to this foundation, and the only way that you could get a lot of money from the foundation was if there was consent by all four of them.

Bruce and Ralph were the only politicos of the four brothers, Ralph being much more closely tied to the Republican Party and Bruce being much more closely tied to the issues. I wanted them to come to these briefings, and they weren't able to. But I talked with Bruce maybe once a week, once every two weeks. Pretty frequently.

Q Did there come a point when you did succeed in mikepaulus interesting him in coming to Washington?

A Well, he called me to say that he was coming down. When I told Spitz this, he said, "Well, fine. We're going to arrange for him to meet with Ollie." I told Bruce this. That was probably one of the only times that I actually said Colonel North. I was given permission to let him know that we were arranging for him to meet privately with Colonel North.

Q Who gave you permission?

A Spitz.

Q Therefore you used North's name on the phone in your discussion with Hooper; is that correct?

A Yes.

He came down to Washington April 29.

Q When he arrived in Washington you met him at Union Station; is that right?

A Yes. He always takes the train from Philadelphia.

Q What happened then?

A It's what happened even prior to his arrival. Spitz called me very early in the morning and told me that he would not be able to take Bruce to see Ollie, that I would have to do it, and I was to call Fawn immediately and give her the clearance information. I, of course, was ecstatic, because none of the fund-raisers was ever given that opportunity, and I, being his only female fund-raiser, considered it a great honor that I was being allowed to do this before any of the guys.

Q So what happened?

A I picked him up at the train station. We went to the OEOB and we met with Ollie in his office.

Q I gather you were present throughout this meeting.

A Yes. I sat on the couch.

Q Could you describe what happened at the meeting?

A They hit it off instantly. Bruce is a former marine. They talked about where Bruce had been stationed and what battles he fought in, or whatever. The beginning of the meeting was marine talk. Ollie talked with Bruce quite a bit about the Soviet military power, the advantages that the Sandinistas had had as a result, and he went over a lot of things and would make reference to "a lot of this information, unfortunately, is critical, but you never read about it in the press; you only read about the other side."

Q This is North speaking?

A Yes.

He had like half of a stenographer's notebook, spiral note pad, and there was all kind of pencil writings in this note pad, and he was leafing through it, talking about how the humanitarian aid had run out, how the last aid ran out the end of March, and that even if this vote does go through, which he anticipated would but he didn't know when, they were really going to be without a lot of what they needed.

He made reference to specific needs with regard to what would be considered humanitarian, boots and clothing and soap and food, to sustain them. I don't recall Ollie making any reference to what they needed militarily. Certainly not in specific terms, but most definitely in general terms with regard to how in God's name can we expect these young men and women to fight against communism when this is what they're up against.

Q Did Hooper react to this presentation.

A It was very emotional. Ollie is very emotional. He would sometimes cry, and he would bring you into his delivery. He definitely had that effect on

Bruce. Bruce, of course, is a highly patriotic American and believes in standing very tall and very proud and very firm in defense of freedom and democracy.

Q What happened after the meeting?

A After the meeting, which lasted about 45 minutes or so, Bruce and I walked across Lafayette Plaza to the Hay-Adams where I took him for lunch. As we were approaching the Hay-Adams Bruce asked me, "How does this work? How does this all get through? How do you accomplish this? How are you able to help them?"

Q You took him to be referring to NEPL; is that right?

A Yes.

Q Did you respond to that?

A I did, to the best of my knowledge. I wasn't really sure, but I told him what I believed was the way it worked, and that was to say, "Bruce, Ollie has a liaison in Central America who let's him know what the freedom fighters need, and he in turn lets us know how much money we need to raise. We raise the money. It then goes through an intermediary and the needs are met."

Q Did you at some later point seek confirmation as to whether what you told Hooper was accurate?

- A Yes. I had to report everything back to Spitz that afternoon after I left Bruce, after lunch, and I told him verbatim what I said, and he said, "That was very good. That's what you should have said."

And Spitz had told me that I should get a minimum of $100,000 from him.

Q Then what happened? Did you hear from Hooper again?

A Yes. Spitz wanted to know if he responded, and I said, "Well, he's going to get back to us within the next ten days." I felt very positive about him helping us. He wrote Spitz a letter actually saying that he had a very stimulating morning in the company of Colonel North and Jane McLaughlin.

Q That was a reference to the meeting you just described?

A Yes.

Then he called me, or I called him, I guess, to find out what he was up to, and he told me that he was in the process of gathering the support that I requested, that we, the organization, requested, and that he would be able

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to send me something within ten days. Then he sent a letter with the money, $100,000, and asked that Ollie contact him to let him know what he was going to do with it.

Q Let me ask you to concentrate for a minute on the $100,000. Was that a check?

A A check made out to NEPL.

Q How did he know to make it out to NEPL? Was that from talking to you?

A Yes.

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(Exhibit No. 2 marked for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

Q Do you recognize this?

A Yes, I do. This is the letter I just talked about.

Q That is the letter that Mr. Hooper sent to you that accompanied the $100,000 check; is that correct?

A Yes.

Q In that letter Mr. Hooper asks you to have Ollie contact him to let him know what Ollie is going to do with the money. What did you do with that request?

A I told Spitz and Dan.

Q Do you know whether there was any contact made?

A No, I don't. I know that a letter went out to Bruce from Ollie, which was a standard letter that was sent to the Toys contributors and to others that were ardent supporters, or that we wanted to encourage to be supportive of this. I don't know if he was ever called. I just was told that it was taken care of, and I was told that by Dan Conrad. In fact, he makes note of it in here?

Q In his notes?

A Yes. "Call Bruce Hooper re $100,000 and how it will be used."

(Exhibit No. 3 marked
for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

Q Is this the document that you just referred to when you were saying Dan made reference to this?

A Yes.

Q You take that to be Dan Conrad following up on the information you gave him about Hooper's interest in having a call from Oliver North; is that right?

A Right.

Q The $100,000 that you received with the letter, you took that to Phil Meo; is that correct?

A Yes.

Q Did you tell him to put it in any particular account?

A The Toys account.

(Recess.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q Ms. McLaughlin, on the subject of Mr. Hooper, let me take you back to your telephone conversations with him and your other contacts with him. What was it in your contacts with Bruce Hooper that led you to believe he would be a likely contributor to the Toys account?

A His strong, strong support of the President's policy of military support for the freedom fighters, of providing the freedom fighters with what they need to combat communism; they can't fight against the Sandinistas with Band-Aids and butter; they need something a little stronger than that.

Q Did he respond in kind with any kind of remarks like the ones you described earlier about people who would say send in the 82nd Airborne or that sort of thing?

A Similar comments. He had a very strong position on supporting the freedom fighters.

Q Do you remember any particular remarks that he made in that vein?

A Not that I remember a comment having originating from something he said. He just went along with things that had been said by basically my other Toys type contributors.

Q Does that also apply to your meeting with him following the briefing by Lieutenant Colonel North?

A Yes.

Q Was the conversation continuing in the same vein of the inability of the opposition to fight with Band-Aids and butter?

A Yes.

Q Do you have any specific recollection of anything he said at that time?

A Just that he believed that Congress was hemming and hawing around and that they were not taking this as seriously as they should be; this involved a threat to our national security; it was so much closer than anything else that involved a threat to our national security; it was something in our backyard. He was upset with all of the comments made trying to compare Nicaragua with Vietnam, versus Ralph, for instance, being more interested in waiting to see what Congress would do. It was obvious to me that Bruce perhaps would be the kind of patriotic American who would support this privately.

Q Congress was providing humanitarian aid.

A It had run out.

Q To the extent Congress was providing anything, it was humanitarian aid. When you say Ralph Hooper was waiting for Congress to do something, that was more than just humanitarian aid; is that right? Is that what you understood?

A Waiting for Congress to pass the President's request for $100 million in military and humanitarian assistance.

Q Bruce's position, as opposed to Ralph, was that he was not content to wait until Congress did that; is that correct?

A I sensed that he was not content, and the money that he provided us with verified that.

Q Let me move you ahead in time a bit, Ms. McLaughlin, to August of 1986. Do you recall at that time being notified in your office that ties between the Channell group and International Business Communication had terminated?

A Yes. A memorandum was put on each of our desks. I didn't see that in your package of documents.

Q But you do recall seeing such an item?

A Yes.

Q Was that termination of relationship explained to you at all?

A No, not really, and as far as I'm concerned it was cosmetic. Things were getting very, very sticky about that time in August, because the aid package had been passed and Congressman Michael Barnes of Maryland was a leading opponent to the President's aid package and was instrumental in subsequent investigations into Ollie's activities. So it was a really sticky time.

Q How did that relate to IBC?

A IBC was the conduit for the money that we raised for the freedom fighters. There were investigations going on into Ollie's activities and we worked closely with Ollie, and the money was disbursed through IBC.

Q So you are at this point putting two and two together. Did anybody at this point tell you that this was what was going on?

A No. The ties weren't broken, though.

(Exhibit No. 4 marked for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

Q Do you recognize Exhibit No. 4?

A Yes.

Q What do you recognize it to be?

A Part of an analysis that I did on my contributors.

Q Do you recall approximately when you might have put that together?

A In November.

Q Of 1986?

A Yes.

Q You have a reference at the top of the page to contributions after green meeting. I take it that refers to meetings with Colonel North.

A These were five questions that Dan Conrad asked me to answer, five categories he asked me to address in this analysis, and this is the first page, I think.

Do you have the other pages?

Q Let me just concentrate on this page.

The terminology that is used in these five lines, does this come from you or from Conrad?

A It's from Dan. He wrote them down on a piece of paper and then I copied them and then gave him the original and kept a copy of my analysis. To the best of my knowledge, he asked Kris to do the same thing. I don't know if Kris ever did.

Dan was trying to determine how we were able to bring in X amount of dollars from so many contributors and not from other contributors, and the analysis proved and he later made comments that we obviously were able to bring in the most amount of money after Green briefings, and so therefore we would be having another briefing on December 10th on terrorism in Central America. Of course Ollie was unable to attend because he had been fired. So that never got off the ground.

Q Before we get to that, let me keep you in August, if I may.

Do you recall also in August of 1986 having an encounter or a meeting with Alfonso Robelo?

A It was either the end of August or the beginning of September.

Q What do you recall about that?

A Alfonso and I are very good friends. I was not happy with the organization; I was not happy with the work that we were doing, because we were now starting to focus on political ads and I wasn't in agreement with the kinds of political ads they were going to be running, and I had a lot of questions as to the activities of the organization. I wanted to be working more on Nicaragua and more closely with UNO, and specifically the Robelo faction of UNO. Alfonso and I had talked about this and he agreed that it would be very helpful for me to be working more directly with UNO as a liaison of sorts.

Q Liaison between UNO and what?

A The UNO leaders would come in contact with people in their travels who wanted to help them, wanted to support them in various and sundry ways, and they didn't have an organization fashion of keeping in touch with these people. Alfonso felt that I would be excellent for this. I speak the language fluently. I'm talking about fellow Nicaraguans, fellow Central Americans, Mexicans that they would come in contact with.

Q This would be outside of your employment with NEPL; is that right?

A We were going to try and work it that it would not be outside my employment. It would be more like on a consulting basis. He knew that Spitz would never give the okay, because Calero wouldn't want to upset Spitz in any way. It never got off the ground. Calero would never want to do anything that would upset Spitz, and it would have upset Spitz, so it never materialized.

I had dinner with Alfonso and we were talking about how we were going to discuss this with Dan and try and get this materialized. I remember asking Alfonso point blank: "Are we the organization providing the most direct assistance to the freedom fighters?" He said, "Do you mean like Singlaub?" and I said, "Yes" and he said, "No." He said, "Absolutely not." He said, "You people help us a lot with the ads and some of the lobbying that you do."

I was stymied by that response. I did not bring up to him we had been working on this Toys project. I didn't speak of it with him. But I then started to do some very serious investigating.

Q That was inconsistent with your understanding that the money was to be used for military assistance; is that correct?

A Totally inconsistent. Yes.

Q Let me move you forward in time now to election eve at the Willard Hotel. Do you recall going to the Willard Hotel on that day?

A Yes, I do.

Q What happened there?

A It was supposed to be a party to celebrate the return of the Reagan revolution. It didn't quite happen that way, unfortunately. It was in a couple private suites in the Willard. A lavish party. They had televisions set up to monitor the election results, and maps and all kinds of paraphernalia, and booze and alcohol. They spent a lot on that.

Q This is NEPL?

A Yes. I think it was probably jointly. Probably NEPL participated financially. Attack and Sentinel.

Q Those are also Channel organizations?

A Yes. I raised money for all of the organizations.

Q Do you recall who was present at this gathering?

A Yes. The entire staff.

Q Of NEPL?

A Yes. When I say staff, I mean anybody that worked for Spitz. I raised money for NEPL, I raised money

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for Western Goals. There was no breakdown in who worked for whom.

Q Do you also include people like Angela Davis when you say the whole staff was there?

A Yes. Support staff as well as executive staff.

Q Angela Davis was Channell's secretary; is that right?

A Yes.

Elleanor, his aunt; Eric Olson, his friend.

Q Channell's friend?

A Yes.

And then a whole clan of their friends.

Q Channell and Olson's friends?

A Yes. There were maybe six or seven of them.

Fawn Hall and her parents; Ollie's wife and their eldest daughter; Rich Miller and his wife.

I don't think Frank Gomez was there.

Q Was David Fisher there?

A No, David Fisher wasn't there.

Jackie Clemens was there; Jeff Keffer was there; Raphael Flores, Ernesto Palatsio.

Q Do you recall any Toys contributors being

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present?

A No.

Q Were any contributors present?

A There were a few.

Q Any of yours?

A No.

Ollie came over.

Q Did North address the crowd when he came over?

A Yes, he did. He came over and he told everybody to be quiet and he proceeds to read this letter that is addressed to Spitz from the President. It was applauding Spitz and his affiliated organizations for all the work that they had done, and blah-blah-blah. He presents the letter to him. A very emotional letter. I think Ollie stayed for a little while and then he left.

Q How long did the gathering continue?

A I think it went until about 11:00.

Q I gather there was no presentation on the freedom fighters at this meeting.

A No.

Who else was there? It seems we are leaving some important people out. Maybe I will remember.

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Q Ms. McLaughlin, there came a time, I gather, that you went into the Channell offices and copied certain documents; is that correct?

A Yes.

Q That was on November 15; is that correct?

A The 15th or 16th. I can't remember if it was Saturday or Sunday. I'm inclined to think that it was Sunday evening only because the chances of somebody being in the office on a Sunday evening were much less than Saturday evening.

Q You have through your attorneys turned over a number of documents to us. Those documents are for the most part derived from the day you went in and copied documents in the Channell offices; is that correct?

A Yes.

Q Some of the documents you have reviewed here today you produced through that copying effort. I am showing you Exhibits 1 through 4.

A Exhibit 3 I did not provide you. Exhibits 1, 2 and 4 were in my records. I didn't have to go to the accounting office for these. This was in my notebook. You can see the perforations. This is correspondence that

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involves me, and this (witness pointing to Exhibit 4) was an analysis that I had done. Anything that I would have copied that day would have involved financial records of any kind.

Q Did you take your notebook with you when you left the Channell organization?

A I took the documents out of the notebook and then put papers in the notebook to make it look like the notebook was full.

Q Then you took the contents of the notebook with you; is that correct?

A Yes. They had been long taken. I couldn't have it look like I was leaving.

Q I gather you didn't leave copies of what you had in your notebook but left blanks for what you had in your notebook; is that correct?

A Yes.

Q Was that done at some later time than the November 15 copying?

A No. That was done earlier.

Q How much earlier? Do you recall?

A I started removing things from my office in

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October. Little by little. I had a lot in my office, a lot of books, a lot of files. I didn't take anything that was out in the open, because I didn't want it to look like I was leaving. I would just take everything from my drawers, because I could lock them and I had the combination. Nobody else did, so they couldn't get in and see that everything was gone.

Q Do you recall making contact some time in November with Bruce Hooper?

MR. COHEN: I don't think you nailed down the date of the Sunday evening that the copying took place. I may have missed it.

MR. WOODCOCK: I think she said it was either November 15th or 16th.

THE WITNESS: Yes. I had learned the week prior to that that I was supposed to be going to Germany with Spitz and company, and I worked it out that I would take my two-week vacation immediately following this and then would probably leave altogether, but I was being encouraged by some friends to stay until the end of December so that I could get my final paycheck and that we would probably be getting a lengthy Christmas holiday anyway. So I wanted to

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make sure that I had everything that I felt I needed in terms of answers to my questions.

BY MR. WOODCOCK:

Q And that caused you to do the copying on the 15th or 16th of November?

A Yes.

Q Did you return to the matter of Bruce Hooper in November?

A No. I didn't returned to it. Spitz returned to it. In late October he told me that he had been asked and designated by Ollie to be responsible for the funding of Ollie's off-duty trips to Central America, acting as direct liaison for President Reagan. Off-duty meaning off the White House schedule and off the White House payment of his trips.

Q Did Channell give you any idea why North would be traveling off the government payroll to Central America?

A Because he couldn't jeopardize the ongoing investigations into his activities. He had to keep a very low profile, and that these trips would require about $91,000 a month. Spitz had started a new organization specifically for this purpose called the American

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Conservative Foundation. He said, "We started a new organization, because we won't have to report anything to the IRS for a while, so nobody will have to know what this is all about."

Q This is Channell talking?

A Yes.

Q You referred to investigations pending. Were these investigations of North himself? What were these investigations?

A Congressional investigations into North's activities started in August.

Q Is this Congressman Barnes' investigation that you are speaking of?

A Yes. I don't know who else was involved in it. I just know that Congressman Barnes started it, I believe, or was instrumental in its beginning.

Q Did Channell describe to you what it was about this mode of travel that would assist Colonel North in circumventing or avoiding these investigations?

A I am not following the way you have asked that.

Q There are investigations pending against North and the investigations cause Channell to try to set up a

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fund to help North travel to Central America; is that right?

A I wouldn't say caused. I was just told that the reason he was going to be making off-duty trips was because he didn't want to give these Congressmen who were looking into his activities any more food for thought.

Q How did the fund help him in avoiding giving the Congressmen more food for thought?

A They wouldn't know about it, because it would be off duty.

Q Is this what Channell was telling you?

A Yes.

Q After Channell gave you this information about the travel fund, the American Conservative Foundation, did you receive any instructions about Hooper?

A No. Bruce had called me to let me know he was coming down to Washington to attend this Heritage Foundation dinner.

Q What did you do with that information?

A I told Spitz and Spitz said, "Terrific. I want to have lunch with him." Bruce hadn't met Spitz at this point. And he said, "I want you to get money from Bruce

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for Ollie's off-duty trips. I want you to get a minimum of $45,000 so that we can get Ollie taken care of for a while."

Q Did you try and get Hooper and Channell together?

A We had lunch on November 17th.

Q What happened.

A We had lunch in the Hay-Adams. Spitz was very open about this project, which came as a surprise to me.

Q This is the travel project?

A Yes.

And he was almost a little too loud. There were three other people in the dining room at the time. One of them was very obviously a marine with an older woman and an older man, and he was very interested in what we were saying.

Q You say that Channell was very open about this fund. How did he do that? Why do you say that?

A He wasn't talking in implications; he was talking pretty straightforward, and he was referring to Bruce as a member of this very select group of very special people who were the financiers of these projects to help

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Ollie and to help the freedom fighters.

Q In your experience it was unusual for Channell to speak not by implication; is that correct?

A Right. It was very unusual.

Q Do you recall what he said in particular to Hooper?

A He talked about how Ollie had asked him to be responsible for the financing of his off-duty trips, and Bruce agreed that Ollie would have to be really careful with how he proceeded with things because of these ongoing investigations. Spitz knew the on and off buttons for Bruce. Bruce is extremely supportive of Ollie North. He thinks the world of him.

Q You know that from your conversations with Bruce Hooper; is that correct?

A Yes.

Q Did Channell also openly describe the ongoing congressional investigations?

A No, he didn't. He just referred to them.

Q How did he refer to them? Do you recall?

A He didn't have to explain much to Bruce. I'll backtrack for a second. When the investigations began

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Bruce called me and said he wanted Ollie's address, that he wanted to write him a note and tell him that things would work out all right for him because he believed in what he was doing. I remember relaying that to Spitz, and Spitz said, "Well, have him send a note to us and we will give it to Ollie." But I had already given Bruce Ollie's address. I remember calling Bruce and saying be very careful with what you say. He said, "Don't worry. I'm just going to make it seem like I am somebody off the street and don't know him or never met him and just wish him the very best, and wish him semper fi." That's all he did.

So Bruce was very well aware of the investigations and they didn't have to explain anything to each other because they both knew what they were talking about.

Q But there was a reference to investigations without further definition; is that right?

A That Ollie had to be very careful about what he did from here on out.

Q But was there reference to the term "investigations"?

A I don't remember if the word "investigation"

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was used. There was definite reference made to looking into Ollie's activities.

Q That that was occurring?

A Yes. That was well underway at that point.

Q Did Channell say that?

A Spitz said it.

Q Did Channell link the secret fund or the private fund for Ollie's trips with the looking into Ollie's activities?

A Which private fund?

Q The American Conservative Foundation, the travel fund.

A No. He didn't link it. I'm confused.

MR. DUNHAM: What he means is did he discuss them together, in the same context with each other. In other words, "we need to have this fund because of Ollie's trips."

THE WITNESS: Yes.

MR. DUNHAM: I think she said that on the record.

MR. WOODCOCK: I just wanted to make sure.

THE WITNESS: Yes. Definitely. He talked about

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how Ollie had asked him to be responsible for this. The reason that he was giving was because Ollie had to be very careful with how he proceeded. And the President needed him. I remember that. The President needed him to act as a direct liaison on his behalf in Central America, and it had to be kept very confidential, very quiet, because of all the controversy surrounding Ollie's activities.

BY MR. WOODCOCK:

Q What was Hooper's reaction to all this?

A He was very interested and seemed very supportive. Then Spitz asked him if he would stay an extra day. Spitz said, "I'm having dinner with the President." I'm positive that's how he said it -- "we're going to a dinner with the President, and I have an opportunity to invite you and I would like you to come with us."

The way he worded it it sounded as if we were having dinner with President Reagan privately. Of course he didn't tell Bruce that there were going to be 2,900 other people there. He did this a lot. He really gave people the impression that he was very closely tied to the President, and I don't believe that for a moment.

Q You are referring to Channell?

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A Yes, I'm referring to Spitz.

Q Did Hooper stay over for that dinner?

A Yes. First he said, "I can't. I've got to get back to Philadelphia." Then Spitz made a few other comments that lured him in, and he said, "Well, you know, maybe I will stay. Maybe I can arrange to stay." That would have been Tuesday night, the 18th, the Ethics in Public Policy Center dinner was held at which the President came and spoke for a few moments. There had to have been 3,000 people at the dinner. It was huge.

Q Do you recall any Channell contributors other than Hooper being present?

A Ellen Garwood, [redacted] Privacy

Privacy [redacted] And Fawn Hall came to the dinner.

Spitz always liked it to be boy, girl, boy, girl. It helped to have women around, for some very obvious reasons.

Q This is at the table?

A Yes.

I can tell you the seating arrangement. We had this round table, and it was [redacted] Privacy and this marine, who I was later told is one of Ollie's pilots. His

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name is Major Gil Macklin, Eugene Gilbert Macklin. He's stationed in Hawaii. He was the same guy sitting in the Hay-Adams with this older woman and this older man listening very intently to what we were saying. And even Bruce recognized it, because we both sort of said "I think we have an audience." That's when the three of us would have sort of brought our heads in closer at lunch to discuss what Spitz was discussing.

Q At that point you are referring to the lunch that was earlier had between Channell and Hooper and yourself?

A The previous day.

Q Who told you that Gil Macklin was one of Colonel North's pilots?

A Spitz did. Bruce recognized him as well I recognized him. He came as Fawn's date. Bruce recognized him from having been at lunch the previous day and went over to say something to him. A marine knows a fellow marine.

Q Who did you sit beside at this dinner?

A Bruce Hooper sat next to me, to my left; Spitz sat next to me, to my right; Ellen Garwood sat next to

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Bruce; Dan Conrad sat next to Ellen Garwood; Virginia Anderson sat next to Dan; Kris Littledale sat next to Virginia Anderson; Barbara Christian sat next to Kris Littledale; Gil Macklin sat next to Barbara Christian; Fawn Hall sat next to Gil Macklin. We're missing a boy. There wasn't a boy to separate Angela and Fawn. Angela Davis sat next to Fawn.

Q Let me ask you a couple of questions about these contributors who were present. Was this the first time you had seen Ellen Garwood?

A No.

Q When was the first time you saw her?

A At the January 30th meeting.

Q Did you see her after that?

A No. I don't think I did. She came to Washington a couple of times, but I didn't see her. She wasn't my contributor. I didn't work with her at all.

Q Let me ask you the same series of questions with respect to [redacted] Privacy Was that the first time you had seen her?

A No. Nor the first time that I saw [redacted] Privacy Anderson. I'd seen [redacted] Privacy a couple of times.

Q Do you recall when?

A She came to some functions that we had. I don't remember which ones. I don't recall -- yes, I do. We had some kind of a reception to thank members of Congress for supporting the President's aid package. I have it written down in a calendar somewhere when this reception was. It would have been after June 25th. In fact, it was probably in late July. And she came.

Q This is [redacted] Privacy

A Yes. And [redacted] was there.

Q Was that the first time you had met [redacted] Privacy [redacted] Privacy

A No. I can't remember the first time I met Privacy [redacted] Maybe she was at the January 30th meeting -- Privacy [redacted] was at the January 30th meeting.

Q How about [redacted] Privacy Did you meet her at that July function?

A I think that was the first time that I met [redacted] Privacy

Q Had you met her between that time and the dinner in November?

A No.

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Do you want to get back to Gil Macklin and how I learned that he is pilot for Ollie?

Q · Channell told you?

A Yes. I didn't answer that yet.

Q You told me that Channell told you.

A Yes, but you asked me how did it happen that Channell told me that.

Q How did it happen that Channell told you that?

A Bruce stood up and went over and started talking with Gil. I was concerned, because Gil had been listening very intently to our conversation and I didn't know who he was and whether it was all right for Bruce to be talking to him. I asked Spitz who this guy was, that Bruce recognized him from lunch yesterday and he was the one listening very intently to our conversation. He said, "Well, he doesn't know the work that we do, but he flies for Ollie." He said, "He's okay." That was all that was said about that.

Q I gather that shortly after the dinner the NEPL staff went to Germany; is that right?

A The following day.

Q What was the purpose of that trip?

A The stated purpose was to meet with wealthy

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Germans and [redacted] to discuss the torch of freedom project. We were going to be doing radio actualities on German radio stations and television ads on German television. There was absolutely no necessity whatsoever in the six of us going.

Q Was there also a question at that point about possibly buying interests in German radio stations?

A Oh, yes. That is what we were doing. That's what I was told to raise money for prior to even going. I had stopped raising money altogether for NEPL.

Getting back to the dinner with Bruce Hooper, Dan is over here and Spitz is sitting right next to me and he is going like this (witness gesturing with elbow) -- "did you ask Bruce yet? Is he going to help Ollie? Is he going to help Ollie?" He kept doing that all through dinner, and it was extremely annoying.

I had told Spitz prior to the lunch the day previous that I didn't want to talk to Bruce about this project, that I wanted Spitz to do it. I wanted nothing to do with their private efforts. But to get him to stop jabbing me in the side, I leaned over and I said to Bruce, "Are you going to help Ollie?" and he said, "I'm giving it

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serious thought." I relayed that to Spitz later on, and he said, "Fine." Bruce was supposed to get back to me when we got back from Germany.

But I had stopped raising money for any of the organizations with the exception of Western Goals.

Q You had, I gather, raised at least some money before leaving on this West Germany trip; is that correct?

A Yes.

Q What was the purpose of raising that money?

A For the radio actualities. Buying into these radio stations. There are going to be seven to ten private radio stations coming into existence some time soon in Germany. There aren't any. We were going to buy 5 percent ownership in three different radio stations. One was in Frankfurt, one was in Stuttgart, and one was in Berlin.

Q What was the purpose of the acquisition?

A To have an opportunity to put on very pro freedom, pro conservative radio programs in support of the conservative party of Germany, in support of western goals, western ideals. I didn't know anything about this torch project until we were over there.

Q That is the project to build a torch in West

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Berlin; is that correct?

A Yes.

Q You didn't stay with the entourage throughout its entire tour of Germany; is that right?

A I left a day early. It probably wasn't even a day early.

Q Where did you go?

A I took a train to Frankfurt from Cologne and then flew to Dallas, because I had an opportunity to meet up with a contributor in Dallas who was very interested in this Western Goals Germany project. I had decided that I would go to Dallas, because it was cheaper to fly to Dallas directly than to fly back to Washington with everybody else and then fly to Dallas. And I would be able to meet with Privacy [redacted] the day before Thanksgiving and then just come back and go on my vacation.

Q Privacy [redacted] is the name of the prospective contributor?

A Yes. He was a contributor to Western Goals already, and I was planning on going to see him in Dallas to discuss all that had transpired in Germany. I had all this paraphernalia from Berlin. He had never been to the

Wall. It was a very emotional experience for me.

Q To go the Wall?

A It's just incredible..

Q Do you recall this contributor's full name?

A [redacted]

(Whereupon at 12:50 p.m. the deposition was adjourned.)

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Michael G. Paulus, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
District of Columbia

My Commission Expires
February 29, 1992

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF JANE E. McLAUGHLIN (CONTINUED)

Washington, D.C.

Wednesday, April 22, 1987

Deposition of JANE E. McLAUGHLIN, recalled for examination pursuant to adjournment, at the Hart Senate Office Building, Suite 220, at 10:00 a.m., before Michael G. Paulus, a notary public in and for the District of Columbia, when were present on behalf of the respective parties:

TIMOTHY WOODCOCK, ESQ.
Associate Special Counsel
United States Senate Select
Committee on Iran and the
Nicaraguan Opposition

4069

- continued -

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Declassified/Released on [illegible]
under provisions of E.O. 12356

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THOMAS FRYMAN, ESQ.

Assistant Majority Counsel

KENNETH R. BUCK, ESQ.

Assistant Minority Counsel

United States House of Representatives

Select Committee to Investigate

Covert Arms Transactions with Iran

HARVEY B. COHEN, ESQ.

FRANK W. DUNHAM, ESQ.

1400 N. Uhle Street

Arlington, Virginia 22201

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C O N T E N T S

WITNESS	EXAMINATION
Jane E. McLaughlin (resumed) By Mr. Woodcock	113

E X H I B I T S

NUMBER	IDENTIFIED
5	129

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P R O C E E D I N G S

Whereupon,

JANE E. McLAUGHLIN

was recalled as a witness and, having been first duly sworn, was examined and testified further as follows:

EXAMINATION (continued)

BY MR. WOODCOCK:

Q Ms. McLaughlin, thank you for returning again and continuing this deposition. This is a continuation of the deposition that we began last week, April 15. The purpose for this continuation of the deposition is the same that brought it to its beginning last week, and that is that this is part of an official Senate committee investigation.

There are also representatives from the House committee here who are also here in their official capacities as representatives of the House Select Committee investigating the Iran-contra matter.

I think we left off with your trip to Dallas in November 1986. Could you begin with your arrival in Dallas?

A I arrived in Dallas. When I got off the plane I called the office and spoke with Angela Davis just to let her know that I had arrived safely and if anything was going on that I needed to know about.

She said, "Have you heard the news." Of course I hadn't, because I had just been on a plane for several hours. She proceeded to tell me that Ollie had been fired. "Green has been fired." She said both Ollie and Green.

I was stymied by that, although I was expecting something like this.

I was immediately very concerned about the welfare of my parents and the documents which were in my house not locked up in any way. And there was only one copy of everything.

Q Are you referring to the documents that you copied on November 15?

A Yes. The bank statements showing the Toys project funds, miscellaneous credits and debits, etc.

Then my friend Linda Guell picked me up at the airport. We went to a hotel. That evening we went to a barbecue at Bunker Hunt's home, which was something she was involved in. She knew that I was going to be in Dallas, so she invited me to this function, which was that night. In fact, some of Spitz' contributors were there. It was for the Bothelezi tour.

That afternoon when I got in I was to have confirmed my appointment with a contributor that I was to see the following day for the Western Goals Torch project, which is what we had worked on in Germany. I didn't call him. I did not want to do anything, not even with Western Goals. I was pretty much panicked. I had no idea what was going to happen, and I didn't want to do anything. So I didn't even call Jim Garvey.

The next day I flew back to Washington, and that is the day before Thanksgiving.

Q Did you go back to the office at any time before the end of November.

A Yes, I did. On Thanksgiving Day my parents and I went to the offices so I could take more of my belongings, more of my personal files, etc. I had already gotten most everything, but I wanted to take as much as I could without it being obvious that I was not there.

My reasons for going by the office were twofold. I wanted to make copies of the documents that I

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had copied already, since I only had one copy, one set, and I wanted to place the spare set in a safety deposit box in a bank for safekeeping. But I was too nervous. I was afraid to stay there for any extended period of time. It took me several hours to copy everything that I had copied initially. So I just didn't want to stay that long. They don't have one of those copiers where you can just feed things through.

Q You did, however, take some additional belongings of yours out of the office on that day?

A Yes. Some books and some things off my desk that wouldn't make it appear obvious that I was not there.

Q Did you have any further contact with the office in November?

A I talked with Angela and I talked with Cliff. Because Cliff wanted my contributor book. They were going to be doing some kind of a mailing and they wanted my contributor book. Unfortunately, I had left it behind. I believe that copies of checks were taken out of that book. It was a loose-leaf notebook, and I had all my correspondence in it. If they took the checks, I am surprised they didn't take some of the letters from the

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likes of Bruce Hooper. I had copies of every check that I had ever solicited and gotten as a contribution, and all those checks were missing.

Q You discovered that some time in January; is that right?

A Yes. I discovered it after coming forward, because I couldn't find them. I still can't find them. I am inclined to think that that was the book that was left behind that Cliff wanted to look at. The checks are gone. I don't know where they went.

They all thought I was in Miami vacationing with my former roommate.

Q Your colleagues in the office thought this?

A Yes.

I kept in touch with Angela pretty frequently so that there wouldn't be any suspicion. It was decided that since Ollie had been fired we wouldn't be having our meeting on December 10 and that I could take the 10th through the 15th off and come back December 15.

Q This reference to December 10, I gather that there had been a meeting scheduled with Oliver North that you were going to participate in; is that correct?

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A Yes.

Q Do you know what the subject matter would have been?

A Terrorism in Central America.

Q Was that a contributor effort?

A Yes. It was going to be. In fact, another purpose in my meeting with this contributor in Dallas was to talk to him about this. He is a very wealthy man and Spitz really wanted me to bring him aboard. They had tried to get him as a contributor and they never could, and then I was able to for Western Goals projects. I think he gave for one of the PACs.

Q This is Mr. Garvey?

A Yes.

Spitz wanted me to talk with him about this upcoming December 10 meeting and get him to come to that.

Q I gather that with North's firing the December 10 meeting was no longer on the schedule.

A Right.

Q With North having been fired and the meeting off the schedule, you were able to take a longer vacation; is that right?

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A In the beginning I was told that I should come back for December 10. This was relayed to me by Angela. That they were still planning to have a meeting with another NSC official. I wasn't told with whom. I was just told that they were still planning on this. Several days later when I called in again and asked if I still had to be back for the 10th, they said, "No. It looks like we're not going to be having anything after all."

Q When did you return to the Channell offices?

A December 15th. Monday.

Q Can you describe when you came to the Channell offices how it appeared and how that was different than it usually appeared?

A When you come up to the third floor and get off the elevators there is a lobby. There are two very heavy wooden doors that were always open. But there is a code system. At night the doors have to be kept shut because anybody could just get off the elevators and come into the offices. These doors were always kept open during the day. All of a sudden they were locked. There was this 4-digit code that you had to punch in in order for the door to open, and it was changed. The receptionist had to have somebody buzz me in. Once I got in there, I think Kris gave me the code. Kris or Fred. One of the fund-raisers gave me the code. There was a piece of paper on the door that said "No Unauthorized Personnel Beyond this Point." Which I just thought was bizarre.

Then I got into the office and Beckie is carrying all of the ledgers, accounting books, etc., from the accounting office into the stockroom where there is huge safe that they had acquired from Western Goals in the acquisition of Western Goals.

Q Beckie is Beckie Pritchett?

A Yes.

I asked her what she was doing, and she said, "I'm told to put everything in the safe." She was all upset because she didn't know how to get the safe open and it was just a real pain for her.

So I go into my office and there is a copy of this piece of paper that was on the front door that says "No Unauthorized Personnel Beyond this Point."

Then there was a copy of the statement that Spitz had made denying the Knight Ridder News allegations. It was a press release, and it was given to me by Raphael.

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It said "For your information."

Raphael's office was all the way down the hall, completely away from all of us. His office locked. It always locked. But Spitz' office, Cliff's office and Dan's office did not have locks on the doors. There was a locksmith there putting a lock on Spitz' door, and I heard the same was going to be done for Cliff and Dan, and sure enough, when I returned on January 5th, it was.

Q You noticed locks on their doors as well?

A Yes.

Those were the major changes.

Oh, there was something else. After Cliff had called us in and told us that because of all the turmoil, etc., etc., Spitz would like to give us all an extended holiday, Kris came into my little cubbyhole. Because I asked him, I said, "Kris, my God! what's going on?" Because I hadn't been there when all the reporters were coming and going. I wasn't subject to that. Of course I knew it was going on, but I wanted to see what he would say.

He said, "Well, there's a disk missing from the Ann's desk." Ann was the receptionist. "These reporters have been coming and going and you never know if some of them will get into the offices. You might want to take home anything that pertains to Toys." He said that to me. He said, "Any correspondence, any of your cards." Because they all kept cue cards. Salesmen often do that. They keep records of every prospect and what is said in every conversation. I never did that. I have a good memory. He said, "You might want to take your cards home. Anything that might be questionable or might lead somebody to think something." And he said, "Because I did."

Q Did he specifically refer to Toys as being one of the categories you might want to take home?

A Yes, he did. He said, "Anything referring to Toys."

Q Did he explain why he was saying this to you?

A No, he didn't. He really didn't have to.

Q I gather that on this day that you returned, December 15, there was a meeting that Cliff Smith called; is that correct?

A Yes. He told everybody to come into the conference room, all the fund-raisers.

Q Do you recall who was present?

A Kris Littledale, Fred Fried, Liam Flannery, John Lutz, myself, Cliff. I think some of the support staff was there. I think Mike Iacobelis was in the room. Angela wasn't. I don't think Roger was. Raphael might have been.

Cliff proceeded to say, setting the stage for Spitz denying the allegations, that this is absurd, that the liberals are out to destroy us. They always blamed everything on the liberals. And that the reporters are just having a heyday with this, and it will all blow over; it will all come out that we have not done anything that any patriotic organization wouldn't have done; they're searching for ghosts in closets where there aren't any ghosts.

He just went on and on and said Spitz has decided that because of all this it would be best for us all to have an extended holiday until this blows over.

Q Did Mr. Smith take any time to describe how he perceived these allegations, what precisely the allegations were?

A No. He just referred to the allegations in Knight Ridder News. I hadn't even read it at that point. I knew about it. I mean I had learned about it from other

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people, but I hadn't actually read it. And I didn't ask.

Q Was this meeting with Mr. Smith followed up by a meeting with Channell?

A Yes. We learned that Spitz was coming in shortly. So we were told to wait. The vacation was to start actually the following day, but I was going to go home. Dan actually told me to go home, because I was sick as a dog. I had a fever. I looked like death warmed over and had a very bad strep throat. But Dan said, "Spitz is coming in. So just wait."

When he came in he called us all in his office and proceeded to deny these allegations. He referenced that UNO was behind all of this; that it was Bosco Matamoros; they were all upset because they weren't getting what they thought they were going to get from us.

Q UNO was upset?

A Yes.

Q Did he explain what it was that UNO thought it was going to get from the Channell organization?

A They didn't get the kind of money that they expected to get from us.

Q Do you mean amounts of money?

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A Yes.

He said, "God only knows what they would have done with it if we had given it to them directly."

Q UNO?

A Yes. It was as if he was saying that they weren't given the funds directly and that they were all upset about this.

Q Did he make any statement about whether any of the monies had gone for lethal aid?

A No. When he said "God only knows what they would have done with it" Kris piped up and said, "Well, you know how the Latins are. You know how they run drugs and use women." Which didn't seem to make any sense. It totally contradicted Kris' position and all our position, because all along we set out to refute these allegations, the disinformation that the contras are a bunch of drug runners. We had set out to prove that this was not the case. So it contradicted everything.

Then Spitz said, "We are in the process now of getting receipts from UNO that will show that the money went for humanitarian purposes."

Q Was this remark that Kris Littledale made about

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how the Latins are loud enough for everyone to hear?

A Yes. And everybody was in the room at this point. All the fund-raisers. Raphael was there. I'm pretty sure Mike Iacobelis was there as well. Dan Conrad was there.

Q Did anyone reprove him or call him short for making that remark?

A No. I was about to, but then I decided it was not worth it. I didn't say anything. I figured it would give me away.

Q Do you recall anything else that Mr. Channell might have said at that meeting?

A Just that he considered it an attack.

Q The Knight Ridder story?

A Yes. A ludicrous attack, and that we would overcome; we would come out of this just fine; we haven't done anything that we shouldn't have done. And then told us all to go home and have a happy holiday.

Q Did he take any time to explain the new security procedures that you saw coming into place?

A No.

Q In the meeting with Cliff Smith, did he get into

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that at all?

A No. I only brought it up to Dan. After the meeting where Spitz told everybody to go home, I went in and had a private meeting with Dan and asked him, "What is this all about. This doesn't make any sense. Spitz is now contradicting everything that we were supposedly doing."

He said, "Well, there are a lot of things that you don't know, and it is better that" -- there is a definite way that he worded it.

MR. WOODCOCK: Let's go off the record.

(Discussion off the record.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q You were telling me before that he said you can't know everything and it is probably best that you don't.

A That's it. Yes. You can't know everything, and it is probably best that you don't.

Q That is Dan Conrad to you?

A Yes.

Q Did he mention anything to you about where this money that they had been raising might have gone?

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A I questioned him. "Well, what about all the money that we raised for the Toys project that went through IBC?" and he said, "Well, it's gone into a fungible account," and explained that as an accounting term it refers to a pool of money and that there is no way to tell where it actually went.

I then said, "Well, how are we able to get receipts from UNO to prove that it went for humanitarian assistance if there is no way of really knowing where the money went?"

He then changed the subject. I think I was losing my voice. He made some reference to my throat, and he turned white. He just got very upset, and then proceeded to say that we were in the process of determining through UNO that the -- he kept saying "we will be able to prove that the money did go for humanitarian purposes." And I kept saying, "Well, then what was the purpose of the Toys project?" And he said, "We won't get into that now."

He didn't have any answers for me.

Q After this conversation with Mr. Conrad did you leave the office?

A Yes, I did. He told me to go home. He said,

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"You better just go home now, because you're really sick and tired and frustrated."

It seems to me he said something else that was important, and it was just on the tip of my tongue. Let me think for a second. Something that you said triggered it, and now I can't remember what it was.

MR. WOODCOCK: Let's go off the record.

(Discussion off the record.)

MR. WOODCOCK: Back on the record.

(Exhibit No. 5 marked for identification.)

(Document handed to witness.)

BY MR. WOODCOCK:

Q Ms. McLaughlin, I am showing you what I have marked in the lower right-hand corner with the numeral 5. Do you recognize that?

A Yes, I do. This is the notice that was on the wooden doors leading into the offices and was also on my desk.

Q That was on December 15; is that correct?

A Yes.

Q After your conversation with Mr. Conrad on

December 15 did you leave the Channell offices?

A Yes, I did. I did go home.

Q Did you take the full vacation that was allotted to you?

A Oh, yes.

Q When did you return to the office?

A January 5, 1987.

Q What did you do when you returned to the office on January 5?

A I came in late. I went into my office. I talked to some of my colleagues and just chatted with them. Cliff called me in the minute he knew I was in the office. He buzzed me and said, "Would you come see me."

I went into Cliff's office. He said, "How are you feeling? How was your vacation?" I said, "Well, I'm still very upset about all that is going on and I would like to better understand what the situation really is."

He got very nervous. He said, "What are you talking about?" I said, "All these allegations. It just seems incongruous. If we are not guilty of anything, why do we have new codes on the doors? Why are there locks on the doors where there weren't locks before? Why is

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everything from the accounting office now in a safe?"

He didn't like me saying these things. He got very nervous.

Q Did he respond to them?

A He said, "Well, I can tell you as the treasurer of this organization that we never received any Iranian funds." I said, "Well, I'm not so upset about that. I'd like to know where all the money went."

Q What did he say to that?

A He said, "We can account for everything." He said, "We're in the process of getting our records all together to show that."

I wanted to say, "Yes, I'm sure you're whiting out and jotting in," but I didn't. I didn't say anything further.

He said, "Do you need some more time off?" and I said, "No, I don't think so." He said, "We have some excellent projects. We're going to work on the torch project and we have got some new ideas," and this that and the other thing, and "it's going to be a good year," and on and on and on. Of course he didn't know that I was resigning.

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So I left his office and went back to my office. I then got a box out of the storage room. Pictures of my family, everything that was out on my desk that was mine, that I could now take, I boxed up. John Lutz, whose office was next to mine, was standing up. They are cubicles. So you can stand up and see into the next person's cubicle. He said, "What are you doing?" And I said, "I'm resigning. I'm packing my things." He said, "Oh, my God!" Then Kris came in. I said, "I guess I had better go take care of this right now."

So I went into Dan's office and I presented him with a letter of resignation. He turned whiter than he had turned on December 15. He was just shocked. He said, "I don't believe this." I said, "As the letter says, I've given this a lot of careful consideration and much deliberation." He said, "Are you sure that this isn't a hasty decision?" I said, "No, it's not."

He said, "Sit down. Why don't we talk about this?" I said, "I don't want to talk about this. I don't want to know anything more. I don't want to be involved any more."

He said, "Well, what are you going to do?" And

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I said, "Well, I don't know." He said, "Well, you do know that we are under investigation." I said, "I'm well aware of that." He said, "You'll probably be contacted by an FBI agent soon." I said, "Well, I guess I'll just have to deal with that when it happens."

I went back to my office and finished packing up my things. And Spitz came in. Dan comes by and says to me, "Spitz would like to see you." I said, "Well, I don't really want to see him." He said, "Well, would you just talk with him for a minute." I said, "All right, but I really want to get going."

So I went back into Spitz' office, and he said, "I hear you're quitting." And I said, "I have just resigned, yes." He said, "Well, sit down. I want to talk with you."

So I went in and sat down and he proceeded to just put his best foot forward in denying everything.

Q How did he do that?

A "All that has happened is an attack on the cause of freedom and democracy." And he blamed the liberals. That we would come out all right; that we would weather the storm. He said, "We're in the process now of getting all

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our records together to prove that we were not doing anything we shouldn't have been doing."

Let me backtrack a second. When I was in with Cliff and he said "I can tell you as the treasurer of this organization," after he said that, he said to me, "You do believe me, don't you?" I think that is important from my end, the fact that he added that on.

Q You didn't respond to that?

A No, I didn't.

You know the Shakespearean saying "Me thinks he protests too much"? That's what I thought of when Spitz was talking to me in his office. Definitely. He was just going out of his way, and it was too much. He was digging his grave as far as I was concerned.

So I stood up and I said, "Thank you very much. It has definitely been an experience for me." And he said, "Well, you have been a tremendous asset to this organization. You have helped us in a great way, and we appreciate that very much, and I wish you the very best." He shook my hand, and then I left.

Interestingly enough, later that day -- and I learned this from Angela Davis, with whom I was very close.

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She was like a little sister to me, and we used to go out socially. She had to come by my house a couple of days later to drop off some things that she had borrowed, and she was in tears when she saw me. She proceeded to tell me that Spitz had called her into his office after I left and told her that he didn't want her to have any contact with me ever again. He told her that I was not liked by anyone in the organization, which is ridiculous, and that I took money from the organization, that I took money from the organization and that I could not be trusted, and that I never did anything worthwhile for the organization. After he had just said to me "You have been a tremendous asset to this organization."

It was very upsetting to her.

Q This would have been approximately January 7, a couple of days after you leave?

A No. I think it would have been the following week, because I met with a lawyer on the 9th, and then the 16th was my first session with the FBI. So it was before the 16th.

Q Let me return to this point at which you go into Spitz Channell's office. Did he, like Dan Conrad, mention

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that they were under investigation by the FBI?

A No. He didn't say anything about that.

Q Did he bring up again the question of this ongoing audit?

A No. He said that we are in the process now of gathering all our records to prove that we were not engaging in anything, as is being alleged.

Q After your meeting with Channell you left the Channell offices for the last time; is that right?

A Yes.

Q Did you have a conversation with Dan Conrad some time later that day?

A That night.

Q How did that come about?

A Linda Guell had taken me out to dinner. I was very upset, more because I was so disappointed in Dan. We were very close. He was like a mentor to me, and I respected him tremendously. If it hadn't been for Dan I never would have stayed as long as I did. He would always encourage me to just let Spitz go in one ear and out the other, that I had a tremendous future ahead of me in fund-raising, and this, that and the other thing; he really needed me there.

When Linda and I were having dinner I was relaying to her when I talked with Dan, and I got really upset, and I said, "You know, I really want to call him. I really want him to know why I left."

I called him from the pay phone in this restaurant and I proceeded to tell him that I knew about the miscellaneous credits and the miscellaneous debits, and I asked him about this. I was pretty hysterical, because I was crying a lot.

Q What did you mean by "miscellaneous credits" and "debits"?

A At that point I had tallied up how much money had come in from regular deposits, which would have been checks, and the majority of our money came from checks. Some of our money came from stock transfers, and that would show up as a wire transfer, and so that would show up as a miscellaneous credit on these bank statements. But then there is money that is not accounted for according to the contribution records, and I told him this.

I said, "There is a lot more there than should be and there is a lot that went." And I told him that

I knew about how much had gone to IBC. Because none of us had really known, or at least I hadn't known, prior to acquiring the records how much actually went through IBC.

I said, "It's an awful lot of money. You can't tell me that this was all being used for humanitarian purposes. What about our humanitarian projects?" I kept driving this home. Because we had a Food for Freedom project. "What was the Toys project all about? I want to know."

And I said, "I know about all the money to PMI," his company in San Francisco, who did nothing for us. He said, "Well, those were reimbursement of expenses." I said, "Well, then why didn't the checks come to you? They were your expenses. Why did they go to PMI?" He didn't answer me. He said, "You're hysterical, you're all upset, and I don't understand what's bothering you."

And I just kept saying, "I'm so disappointed in you. I trusted you, I believed you, and you lied to me. You lied to me all along. All of you. You led me to believe we were doing something that now you are saying we weren't doing."

Q When you accused him of lying to you did he react to that?

A No, he didn't. Of course there really wasn't an opportunity. I was really just rambling.

Q You have raised several different topics that you directed at Mr. Conrad in the form of questions. Were these questions just coming one after the other without him intervening and answering each one?

A He intervened a few times to answer me with regard to the money to PMI, to say that it was for reimbursement of expenses. When I talked about the miscellaneous credits he said those were stock transfers and it can all be proven that the money came from wire transfers. I said, "Well, what about all the money that went out? There is nearly $5 million that went out to IBC. What about all the miscellaneous debits? You've not only got money going to IBC and to Spitz and to Dan and to PMI and everywhere else, you have got all this money in miscellaneous debits, several million dollars."

Q Did he respond to that?

A No.

I also wanted him to know that Linda Guell and I were friends, because he didn't know this, and they had

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treated her miserably when Western Goals' office was moved into our offices.

Q Is this Spitz Channell or everybody in the Channell group?

A Everybody. And they said incredibly contemptuous things about her and gave me the impression from day one that I shouldn't spend any time with her. When we would make contact with former Western Goals contributors, if these people were to ask us about Linda or the board of directors -- because everybody had left -- we were pretty much given instruction to say, "Well, Linda has since left the organization and there is question as to the allocation of funds." Leaving the clear impression that she was doing something within Western Goals that she shouldn't have been doing. Yet a $50,000 audit by Coopers and Lybrand had been done on Western Goals prior to the acquisition and the record was clean.

Q Did you know that through Linda?

A I learned this through Linda. I saw the audit. This was after I had gotten to know her. I had called Linda, I think, in September, when I was thinking about looking elsewhere, when I wanted to get out, and we had become friends. Linda was going to sue them, and had perfect grounds to do so. She had made a proposal to them that was run through their lawyer, Curt Herge, and the copy was also sent to her former major contributor, Barbara Newington, and she was in negotiations with Curt Herge for an out of court settlement. I wanted Dan to know that I knew about this and that I thought it was pathetic that they had taken Western Goals and hadn't done anything that they set out to do; they hadn't accomplished any of the objectives that Western Goals had originally had.

I said, "Dan, you've taken everything from her and you should honor her proposal and give her an opportunity to do the things that Western Goals has been doing all along, that you people had no intention of doing, because you haven't carried out anything."

Western Goals had a radio network. The plug was pulled on the radio network and we weren't told about it, and we were told to continue raising funds for something that was not even in existence.

Q Did Conrad respond to this information on Western Goals and your friendship with Linda Guell?

A No. I said, "I don't know what I'm going to do, Dan. I know a lot about what you guys were doing, and I don't know what I'm going to do, but I'm going to have to come to terms with this and do whatever I think is best." I kept saying over and over again "I'm so disappointed in you. You lied to me. You all lied to me. You destroyed something that was so worthwhile."

His final comment was, "Well, you'll have to do whatever you feel is best." I said, "I will." And that was it.

Q Let me go back to an earlier point in your description of your conversation with Conrad to make sure I understand this. Let me summarize what you said and you tell me if I summarize it accurately.

In your conversation with Conrad did you ask him the question what was Toys all about?

A Yes, I did.

Q Why did you do that?

A In the phone conversation?

Q Yes. On the evening of January 5th.

A Let me backtrack.

I said to him, "I know about the miscellaneous credits and the miscellaneous debits and I know about all

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the money that went to IBC. Where did all that money go? What was Toys all about?" Because I believed from day one that any monies that went to IBC in the Patton and Sacher accounts were for the Toys project, because the Patton account was always referred to as the Toys account, and so was the Sacher account. Not exclusively. Sacher also took in other monies. He didn't answer me.

Q When you had that conversation with Conrad, I gather you yourself had a clear understanding as to what you believed the Toys account was; is that right?

A Yes.

Q You were addressing the question at him for what purpose?

A I think at the time I wanted to hear what he had to say, but I didn't give him an opportunity to say it. He had an opportunity to answer me and he didn't. He chose instead to say that I was hysterical, that I was irrational, that I didn't know what I was talking about. But he did not answer my question "what was this all about?"

Q Let me put a somewhat different question on the same topic to you. When you put the question to him "what

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was Toys all about?" did you have any doubt in your own mind as to what the Toys account was all about?

A No. No, I had no doubt. I believed, as I believed from day one, that the Toys project was set up as a private and covert activity to provide direct military assistance on behalf of the President. I believed from day one that we were working on behalf of the President and his policy in Central America and that we were working very closely with UNO to provide the troops with military assistance until Congress passed the aid package.

(Discussion off the record.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q Ms. McLaughlin, let me summarize a couple of points of your earlier testimony.

You have testified that practically from the moment you joined the Channell organization you understood that the Toys account was an account meant to raise monies for lethal assistance to the Nicaraguan opposition; is that right?

A Yes.

Q At the meeting on December 15th, first, a

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meeting with Cliff Smith, second, a meeting with Spitz Channell, it was said that the Channell organization would be able to demonstrate that all the monies that they had raised had gone to humanitarian aid; is that right?

A Yes.

Q That was inconsistent with your understanding of what the Toys account was; is that right?

A Yes.

Q When you spoke with Dan Conrad on January 5th and you asked him what was the Toys account all about, did that relate to these two inconsistent statements that you now have before you, the one that, yes, it was for lethal aid, and the other, no, it wasn't for lethal aid?

A Yes, it did.

Q Could you explain that a little bit?

A I already had the documents in my possession and was able to determine how much money actually went to IBC from what I believed were the Toys project bank accounts, and there were also these miscellaneous debits. They were wire transfers. You couldn't determine where the money had gone.

It just didn't seem to make sense to me. Here I

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believed we were providing military assistance to the freedom fighters. I learned from Alfonso that that is not the case, and then they tell me after all these Knight Ridder allegations and the whole ordeal begins that they are in the process of getting receipts from UNO to prove that the money went for humanitarian assistance. It seemed like an awful lot of money for humanitarian assistance. I can see using that kind of money for military assistance. It would be much more expensive. It didn't make any sense to me. I was very upset about everything, about all the lies. Now we have a nice neat package of lies.

MR. DUNHAM: Listen to the question, Jane.

Would you re-ask the question?

BY MR. WOODCOCK:

Q When you addressed the question to Dan Conrad "what was the Toys project all about?" were you trying to get at the inconsistent statements that the Channell organization had made that, first, Toys accounts equaled arms, and then later that they had only provided humanitarian assistance?

A Yes.

Q You were asking Conrad to explain that to you

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when you addressed that question to him; is that right?

A Yes.

Q Let me ask you one more question about the Conrad conversation on January 5th. In that conversation did you mention to him that you had copied any documents from the Channell organization?

A No, I hadn't. I said that I knew about the miscellaneous credits, I knew about the miscellaneous debits, I knew about the money to PMI, I knew how much money had gone to IBC. I did not say that I had anything in my possession.

Q Did you link your knowledge or your understanding of the wrongs that the Channell organization had done to the proposed settlement that Linda Guell had?

A No, I didn't. When I was saying "you've lied to me about this, you've lied to me about that" I wanted him to also know that I had become friends with Linda and that I learned about all the lies that she had been told that we were not told about with regard to when Western Goals was acquired. A promise was made that the creditors would be paid off, and that had not been done. I referred to the the plug being pulled on Network America, and yet we continued to raise money for it and then we are told that the plug had been pulled. I referred to other aspects of Western Goals.

I told him also that I had learned a lot about the rules and regulations of tax exempt organizations from Linda, and said, "Thank God for Linda that I've learned about these things. What about all the suites that we stayed in, the limousines, the fine hotels?"

He said, "That's perfectly legitimate." He said, "You don't have to necessarily stay in government rate hotels, and we keep our expenses very low."

I said, "I don't think we do. Why did we move from a town house on Capitol Hill that is $1,700 a month to the whole third floor of the National Shops at $31,000 a month when we only acquired three new employees?"

He said, "Well, we're going to expand. You know how we're going to expand. You know what the ultimate goal is."

I told him that I knew about the proposal that Linda had made to them. I said, "You never intended to carry on what Larry McDonald had begun seven years ago. That's very obvious to me, Dan. You expected me to raise money for Western Goals and to tell people that we are carrying on the tradition that Congressman McDonald had set forth with Western Goals." I said, "We never did that." I said, "How can you lie about all this?"

Q How did he respond to that?

A He said, "We're going to get Network America back on line." I said, "You said it was going to be back on line in January. It's not back on line. It's never going to be back on line." And I said, "All of the plans that you have for Germany," and I referred to all he wanted to do was go over there and get money from the rich widows of Germany, just as he gets all his money from the rich widows in this country.

Q What did Conrad say to that?

A He said, "That's ridiculous." He said, "We have supporters who are wealthy widows." I said, "They make up the majority of our support." And I said, "Did you know that a certain percentage of a tax exempt organization's funds has to come from direct mail? We never do any of that." I kept bringing up all these things.

I finally got to the point where I said "I think it's a shame that you have destroyed Western Goals.

You've taken something and shelved it." And I said, "and she set out to do something worthwhile and realistic" --

Q Linda Guell?

A Yes.

-- "in the advance of freedom and democracy, and all we were was a fund-raising operation, and I don't even know at this point that we have helped those people that we set out to help from day one."

Q Was that the end of the conversation?

A No. And I said, "As far as I'm concerned, I think you should honor her proposal." I definitely made that statement.

Q Did you describe what you understood her proposal to be?

A No, I didn't. I said, "I know about the proposal that she has made to you through Curt Herge, and I know that she has been negotiating with you. If you are not going to do anything that Western Goals set out to do, then at least give her the opportunity to." And I said, "I was thinking about working with her." I said, "I'm not going to work with you people. You've not done anything that you set out to do. You've lied to me. You've lied to

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her. You've lied to creditors. You've lied to contributors. You lie left and right. I don't want to be a part of that." And I said, "I don't know what I'm going to do."

Q What did Conrad say to that?

A He said, "Well, I suppose you're going to have to do whatever you think is best." I said, "Yes, I guess so." And that was the end of the conversation.

(Whereupon at 12:00 noon the deposition was adjourned.)

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF JANE E. McLAUGHLIN

Washington, D. C.
Wednesday, April 29, 1987

Deposition of JANE E. McLAUGHLIN, called for further examination pursuant to agreement by counsel, at the offices of the Senate Select Committee, Hart Senate Office Building, Suite 722, at 9:55 a.m. before KATHIE S. WELLER, Court Reporter, when were present:

W. THOMAS McGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
Assistant Majority Counsel
KENNETH R. BUCK, ESQ.
Assistant Minority Counsel
United States House of Representatives
Select Committee to Investigate Covert
Arms Transactions with Iran

4071

HARVEY B. COHEN, ESQ.
1400 North Uhle Street
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artially Declassified/Released on Dec 22, 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

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P R O C E E D I N G S

Whereupon,

JANE E. MC LAUGHLIN

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION (Continued)

BY MR. MC GOUGH:

Q Let's go on the record.

Ms. McLaughlin, I just have a few questions that's about really two documents, one of which was produced by you and one of which was produced from another source. Let me show you or have marked as a Deposition Exhibit the first one. You would remain under oath because the deposition was not adjourned?

A Yes, I recognize this document.

Q Could you for the record state what it is?

A This is a transcript of notes that I took and that were taken by Rafael Flores based on telephone conversations with Mr. Channell to prepare me to solicit [redacted]

Q And was that for contributions to Nicaragua?

A What he wanted to do was solicit these people for

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funding to prepare television ads supporting the President's policies in Nicaragua, and we would let the President know that [redacted] funded these ads and therefore would gain them access to the White House. That was the game plan.

Q Can you tell me precisely how this was generated, how it came about?

A I was on the phone with Spitz, and each of the fundraisers had a personal computer which we would -- I would sit there and write up what Spitz was saying, and Rafael, who was working with me, working with Spitz, on this project, to prepare me to make these solicitations, I was told in advance that I would have to have everything outlined [redacted] I would be talking to them over the phone, and these are notes that were taken as a result of conversations over the phone with Spitz and conversations that Rafael had with Spitz, [redacted] That was all typed up.

MR. MC GOUGH: Let me interject here and have the reporter mark this as whatever the next deposition number

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is.

(McLaughlin Exhibit 6 identified.)

BY MR. MC GOUGH:

Q The Exhibit 6, the transcript that you have referred to, has in it references to conversations between Spitz and the President and Spitz and the White House; is that right?

A Right.

Q What was the occasion for those conversations, if you know?

A I don't know. [redacted] [redacted] Everything that's here is precisely what I was told to say, and in outline form exactly as I was to say it over the phone [redacted] almost as if I was to read this.

Q Do you know if Mr. Channell did in fact have conversations with President Reagan or with the White House [redacted]?

A No, I do not, and if you care for my opinion, I do not believe he did.

Q Now, the gist of this, am I correct, is the opinion that [redacted] might be able to improve their relations with President Reagan and the White House by making

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donations to support the Nicaraguan resistance; is that fair to say?

A That's fair to say. It was explained to me that based on Spitz's alleged meeting with President Reagan, [redacted] it needed to be known that there were [redacted] who are supportive of the President's policies, and this was the way to gain them access, and that Spitz could provide that for them if they cooperated in funding this campaign.

Q Can you put a time ~~framing~~ frame on this memorandum?

A It would have been middle of August, middle, end of August.

Q Of 19 --

A '86.

Q Did in fact you make any calls along these lines?

A There is someone who could very easily corroborate my story who is outside of the organization. His name is [redacted] He is of the Roosevelt Center for Public Policy Studies.

Q What was his connection with things?

A I don't know how he was brought into it, but he did have lunch with [redacted]

Q We may have gotten to the answer to the question at the end there. Did in fact you make the solicitations reflected?

A Yes, I did.

Q How many times did you make it?

A Twice, [redacted]

Q Both in person?

A No, over the phone. [redacted] and at one point

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I went as far as to provide [redacted] with an account number at Palmer National Bank so that funds could be wired in, and [redacted] -- I have her name written somewhere -- is the contact at Palmer National Bank, because I called her twice to find out if the funds had been wired in and they had not. [redacted] I think it was $12,000 that was going to be an initial amount to be wired in.

Q Can you tell me the position of the two [redacted] that you have identified?

A I have it written down. I don't have it here. [redacted]

Q To your knowledge, were the funds being solicited for the TOYS project?

A No.

Q What was the purpose of the funds?

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A The purpose of the funds was to fund the television ads in support of the President's policies.

Q It was for the television ads as best you know?

A Yes.

MR. MC GOUGH: Let's have marked as the next Deposition Exhibit this document.

(McLaughlin Exhibit 7 identified.)

THE WITNESS: Do I recognize this? Yes, I do.

BY MR. MC GOUGH:

Q Do you recognize this?

A Yes, I do.

Q What is it?

A These are Dan Conrad's notes.

Q Were they referred to as "to-do" lists by Dan?

A Yes.

Q To do, being t-o, d-o. If you look, I believe this was the way they were presented to us, and it has been kept in this order. If you look at the last page, I believe that is in fact the first page of the "to-do" notes?

A Yes.

Q And it is dated December 10, 1986; is that right?

A Yes.

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Q Were you with NEPL on December 10, 1986?

A Technically, but I was not there.

Q Right. If you will turn to -- if you look down at the lower right-hand corner, you will see A numbers. Turn to page A 20851, if you would.

A Yes.

Q And you can look at as much of it as you want to get the context, but if you -- this is under, if you go back to 2848, this is under the major heading "Administration, XXIV," items in particular item W, which is Green list of contributors to Nicaragua, and there are three names, Brunei, Goldsmith and then three, "ask them for the constitution," exclamation point. Do you have any idea what this reference is in this particular to do list?

A I can deduce what it is.

Q What is your deduction?

A Do you want me to do that?

Q Yes?

A Brunei, the country, Goldsmith, to the best of my knowledge, is Sir Goldsmith, and "ask them for the constitution" is referring to Green's private list of contributors to Nicaragua, get them to contribute to NEPL's constitution project, which is under way as we speak.

Q Did you have any reason to believe that Brunei was a contributor to Nicaragua?

A No, I don't know one way or the other.

Q Did you ever in any discussions with Mr. Channell and Mr. Conrad or anyone else associated with NEPL discuss contributions or the possibility of contributions by Brunei to the Nicaraguan resistance --

(Discussion off the record.)

THE WITNESS: No.

BY MR. MC GOUGH:

Q Other [redacted] did you discuss contributions to the Nicaraguan resistance by any other foreign powers that you can recollect?

A No.

Q To your knowledge, was Sir Goldsmith a contributor to the Nicaraguan cause?

A Not to my knowledge.

Q Do you recall discussing with anyone at NEPL the possibility that he might have been or ought to be solicited for contributions for Nicaragua, for the Nicaraguan resistance?

A No.

MR. MC GOUGH: That's all I have. I turn it over to Tom Fryman.

(Discussion off the record.)

EXAMINATION

BY MR. FRYMAN:

Q Ms. McLaughlin, in your work for NEPL, you had occasion to send various letters to contributors or potential contributors, did you not?

A Yes, I did.

Q What was the procedure for drafting those letters?

A For the most part the letters were drafted by Spitz, and they were always very lengthy, sometimes three or four pages in length, which I didn't feel was necessary, so I would usually scale them down. He was often -- obviously very verbose and redundant, and I was of the belief that a businessman or woman would prefer to have everything on one page versus four pages.

Q After you edited the letters down, were they reviewed by someone else in the organization?

A Sometimes by Dan.

Q When you sent a letter out, how were the files

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maintained? Were they maintained by you or was there a central file where correspondence was maintained?

A Well, it would depend on the letters themselves. If I was sending letters out, follow-up letters, I would keep copies of the letters. If it was a standard letter that was going out to, for instance, introduce a project, and it was a mass mailing that was being done, for instance when we sent out the My Dream proposals for the SDI project, a copy of the letter, I believe, was always kept by Angela.

Q Now, would there be some occasions when the only file copy of a letter in NEPL was the copy that you maintained or would there always be another --

A If it was a letter going out by me, I kept copies of every letter I sent out.

Q And you would have the only file copy in the organization?

A Yes.

Q Now, you mentioned that when you left NEPL, you took certain documents with you, including, I believe, your own book. Were there some letters in that book?

A Copies of letters?

Q Yes.

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A Or letters that I sent out or correspondence to me.

Q Letters that you sent out.

A Oh, yes, all of them.

Q Do you know as to those letters whether there were any other copies in the NEPL file other than the copy that you took with you?

A I'm going to repeat your question to see if I have this correctly. You are asking me if there was only one copy of my correspondence in my file, or if there could have been other copies that somehow were generated of my letters. Is that what you are asking?

Q Yes. Are you aware -- I will rephrase the question. The letters that you sent out, did you maintain the only file copy at NEPL, or were there other file copies at the organization to your knowledge?

A To the best of my knowledge, there was only one copy.

Q All right.

MR. FRYMAN: I will ask the reporter to mark as McLaughlin Deposition Exhibit 8 for identification a letter dated April 3, 1986 from Ms. McLaughlin to Bruce Hooper.

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(McLaughlin Exhibit 8 identified.)

BY MR. FRYMAN:

Q Ms. McLaughlin, I show you a Deposition Exhibit 8, and I ask if that is a letter that you drafted and caused to be sent to Mr. Hooper on or about April 3, 1986.

A I did not draft this letter.

Q Who drafted it?

A This is an excerpt. This is all -- the first paragraph, the second paragraph, the third paragraph are Spitz's words.

Q What was this excerpted from?

A Fundraising letters that Spitz had drafted, and we were given copies of them and were to send them out to potential contributors, and this was to prepare people for our upcoming military briefings. For instance, I have had it asked to me that in the second paragraph, there's direct reference to the TOYS project, which when I sent this letter out, it certainly was not intended that way. Of course, Spitz had a very interesting way of getting his point across without coming right out and stating it.

Q Well, the second paragraph reads, "Not simply humanitarian aid, but more importantly, the effective

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military aid needed if the freedom fighters are to continue successfully resisting attacks by Soviet-supplied MI-24/HIND, H-I-N-D, D, gunships."

As I understand your testimony, that paragraph was drafted by Mr. Channell?

A Yes.

Q And that was in a general document that you used in connection with drafting this letter?

A That all the fundraisers used.

Q And what did you understand that that referred to?

A My understanding is that it is a direct reference to the President's crucial campaign. He was not just requesting humanitarian assistance. He was requesting military assistance.

Q Now, was this letter maintained in your own book that you have described?

A Yes, I had a three-ring notebook that I kept copies of all my correspondence in.

Q And was this letter when you sent it shown to anyone else in the NEPL organization?

A It was probably shown to Dan.

Q Do you recall showing it to Dan?

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A I probably did. I don't necessarily recall whether I did or did not. I usually showed Dan everything that I sent out.

Q Your normal practice was to circulate materials to him?

A My normal practice, yes.

Q And this is one of the letters that you took with you when you left; is that correct?

A Yes.

MR. FRYMAN: I ask the reporter to mark as McLaughlin Deposition Exhibit 9 for identification a letter to Mr. Blanco, B-l-a-n-c-o, dated April 15, 1986.

(McLaughlin Exhibit 9 identified.)

BY MR. FRYMAN:

Q Ms. McLaughlin, is that Deposition Exhibit 9 for identification a letter which you sent to Mr. Blanco on or about April 15, 1986?

A Yes, it is.

Q Now, in this letter, in the fifth paragraph, it states that, "during and after dinner a special project to specifically support the President's goals in regard to Nicaragua will be discussed and undertaken by the group."

A Yes.

Q What did that sentence refer to?

A That sentence, which was drafted by Spitz and was usually part of the mailgrams that were sent out, refers to the TOYS project.

Q And what, then, did you understand would be discussed at the meeting after dinner?

A The way this worked is, we would invite people to come to these military briefings by sending them a mailgram and setting the stage for them to meet with a high-level national security official. The guise of the event was the Central American freedom program, but each of the fundraisers' job was to weed out those people who were potential TOYS contributors, and we were only supposed to invite people that we expected could conceivably be receptive to this TOYS project. It would not be discussed openly, the special project would never be discussed openly even after the private briefings at the dinners at the Hay-Adams. We would take the opportunity to figure out whether these people, whether each of our contributors or potential contributors would be receptive to this, and set the stage for Spitz to move in and invite them to meet one on one with

Ollie.

Q Did you show this letter, exhibit, to Mr. Conrad?

A Probably.

Q It was your usual practice to show him letters of this sort?

A Yes.

Q And you maintained this letter in your file, which you took with you when you left; is that correct?

A Yes.

MR. MC GOUGH: Excuse me, can we go off the record?

(Mr. McGough leaves room.)

MR. FRYMAN: I ask the reporter to mark as McLaughlin Deposition Exhibit 10 for identification, a letter dated April 21, 1986, from Ms. McLaughlin to Mr. Conill, C-o-n-i-l-l.

(McLaughlin Exhibit 10 identified.)

BY MR. FRYMAN:

Q Ms. McLaughlin, if you would look at Deposition Exhibit 10 and tell me if you recognize that document.

A Yes, I do.

Q Is that a letter that you sent to Mr. Conill on or about that date?

A Yes, it is.

Q And was it your usual practice to show letters of this sort to Mr. Conrad?

A Yes.

Q And is this a letter that you maintained in your file?

A Yes.

Q And this is one of the letters that you took with you when you left; is that correct?

A Yes.

MR. FRYMAN: I ask the reporter to mark as McLaughlin Deposition Exhibit 11 for identification a group of handwritten notes which contain the following identification numbers at the bottom. A 20567, A 20591, A 27406 A, A 27635, A 27636, A 27631, A 27632, A 27633, A 227634, A 27704, A 27705, A 27406, A 27672, and A 27671.

(McLaughlin Exhibit 11 identified.)

BY MR. FRYMAN:

Q Ms. McLaughlin, I ask you to look at this exhibit, and let's take it page by page starting with page number 20567; do you recognize the handwriting on that page?

A Yes, I do.

Q Whose handwriting is that?

A Dan Conrad's.

Q And would you look at 20591 and identify that handwriting if you can?

A It is Dan Conrad's.

Q Now, I direct your attention to the next page, 27406 A. Whose handwriting is that?

A Dan Conrad's.

Q And the next six pages, 27635, 27636, 27631, 27632, 27633 and 27634, do you recognize the handwriting on those pages?

A Yes, it is Dan Conrad's.

Q And continuing through this exhibit, page 27704, whose handwriting is that, if you know?

A This is all Dan Conrad's, if that helps you.

Q Each page in the exhibit is in Mr. Conrad's handwriting?

A Yes.

Q Now, I direct your attention to the third page, 27406 A.

A Yes.

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Q Were you shown that note while you were an employee of NEPL?

A No, not this specifically. Some of this I did see because I was often in Dan's office with him when he was working on this, but I don't recall seeing something that was written this way, sideways.

Q Regardless of whether or not you have seen this page, there's a reference at the top of page 27406 A that states, "60 K to Ollie ASAP" do you know what that note refers to, if you know?

A Yes, I do.

Q What does that refer to?

A $60,000 to Lieutenant Colonel Oliver North as soon as possible.

Q Do you know the approximate date of this note or what the occasion was?

A No. But I could probably figure it out based on my calendar, because there's something here that refers to meeting with Ambassador Sorzano at 4:00 p.m. I went to see Ambassador Sorzano with Dan Conrad at 4:00 one afternoon in their offices on Thomas Jefferson Street. I would have to look in my calendar.

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Q There's also a reference on that page to --

A It would have been before August. Pardon me for interrupting you.

Q There's also a reference on that page to Bass Brothers and Green.

A Yes.

Q Do you recall any discussion of the Bass Brothers while you were an employee?

A Oh, yes, we were always trying to bring the Bass Brothers aboard. I worked on one of them and Cliff worked on the other.

Q Do you know if any meetings with any of the Bass Brothers and Colonel North were arranged?

A No, I do not. I do not believe so.

Q Turning to page 27705 --

A Okay.

Q That again you believe is Mr. Conrad's handwriting?

A Yes, it is.

Q Now, the reference at the bottom is to "Green shopping list due 1/15/86." Do you first of all recall seeing this page of notes while you were a NEPL employee?

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A Not this specific page.

Q Do you recall any reference to such a shopping list around January of 1986?

A Yes, there were references made to it. I wasn't certain what the shopping list, or Santa's list, which I had heard used interchangeably, I did not know until later what exactly that referred to, but that I learned later that that referred to materiel. Military supplies.

Q Now, in the earlier part of the year, when you heard references to the shopping list or to Santa's list, who made these references?

A Cliff and Dan.

Q That's Cliff Smith and Dan Conrad?

A Yes. Mostly Cliff, and I only heard it on a few occasions.

You have to remember I started January 15. and we were working on the President's meeting, and I didn't really learn about Green and the TOYS project until February.

Q Now, I believe you have testified about this earlier, but let me ask you again, who at a later point in time identified for you what the phrase "shopping list" or "Santa's list" referred to?

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A Kris Littledale.

Q And did you have any discussions with anyone other than Mr. Littledale about the list?

A Not specifically about the list. There were subsequent conversations with Cliff about the TOYS project and Green and our work on it, but Cliff was always very nervous talking to me, and I spent most of my time with Kris.

Q If you would look at the last page, Ms. McLaughlin, page 27671, there's a reference to call Bruce Hooper, re: $100,000 and how it will be used.

A Right.

Q Is that something that you discussed with Mr. Conrad around June of 1986?

A With Dan and with Spitz. Bruce had when he sent his check for $100,000 he sent a note with it requesting that Ollie call him to let him know what he was going to do with the money.

MR. FRYMAN: I ask the reporter to mark as McLaughlin Deposition Exhibit 12 for identification a handwritten group of notes headed "17 selected CD's."

(McLaughlin Exhibit 12 identified.)

(Discussion off the record.)

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BY MR. FRYMAN:

Q Ms. McLaughlin, I show you Deposition Exhibit 12 for identification, and I ask you if you recognize that document.

A Yes, I do.

Q Whose handwriting is that?

A This is my handwriting. My printing.

Q Can you describe this document?

A Yes. This is a document that is referring to the 17 Congressional districts, swing vote districts, swing vote districts referring to opposition, vacillating opposition to the President's policies in Central America.

Q And how was this document prepared?

A I think I did this primarily for myself, for my own information.

Q Who gave you the information to use in preparing this?

A Well, I acquired the information from my -- the blue politics book, that was like our Bible. What's the name of that book? Do you know what I'm referring to, the American politics -- it gives a breakdown of every state and every senator and congressman and talks about -- you know what I'm talking about, it is like the Bible on the Hill.

Q You are referring to a standard political reference book that you used in your work?

A Yes. But as far as knowing which were the 17 selected Congressional districts, we knew that because these were the areas in which we were placing the ads, the television ads.

Q The 17 districts, then, were included on this list because you knew these were districts where the television ads were being placed; is that correct?

A Yes. We were supposed to refer to them as media markets, when in fact they were the opposition Congressional districts.

Q Who told you to refer to them as --

A Spitz did.

Q On what occasion?

A In several occasions when he would sit down and discuss with us our solicitation procedures, et cetera, that it was important to refer to, even in our letters to refer to the placement of these ads in key media markets across the country.

Q Did he explain to you why he believed it was important not to refer to them as selected Congressional districts?

A Yes, he did. He explained that somewhere, at some point, someone may be an adversary rather than an ally, and could use that information against us, and if it were to get into the hands of the liberals, it could be damaging to our campaign, and then I then figured it out that it was a lobbying effort, a fine-line lobbying effort, that if we were to actually say to someone, we're placing these ads in swing-vote Congressional districts, that -- you have crossed the line from an educational effort to a lobbying effort using tax-exempt funds.

Q Now, was it your understanding that funds contributed to the National Endowment for the Preservation of Liberty were being used to buy advertisements in these districts?

A Oh, yes. That was the Central American freedom program.

Q Right. And a central purpose of the Central American freedom program was to make such media ~~bites~~ buys in these selected areas; is that correct?

A Yes.

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MR. FRYMAN: I ask the reporter to mark this document as McLaughlin Deposition Exhibit 13 for identification.

(McLaughlin Exhibit 13 identified.)

BY MR. FRYMAN:

Q Ms. McLaughlin, I show you Exhibit 13 for identification and I ask you if you recognize that document.

A Yes, I do.

Q Whose handwriting is on that document?

A Dan Conrad's.

Q Were you given a copy of this document?

A Is that Dan Conrad's? Or is that Spitz's? Their handwriting is so similar. Dan's and Spitz's. This might be Spitz's. Yes, I think this may be Spitz's handwriting.

Q Well, are you uncertain about the handwriting?

A It is Spitz's.

Q The handwriting on Exhibit 13, you believe is Mr. Channell's?

A Yes, I do.

Q Were you given a copy of this document?

A Yes, I was.

Q What were the circumstances in which this was

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given to you?

A This was -- I believe Dan Conrad prepared this document, and it was information based on the Democrat list that had voted for Bob Michel. What am I trying to say? This was on or about the time of the vote on the President's aid package, and Bob Michel had introduced an alternative to the vote. Remember when it was defeated on March 20, and then he came in and it is a stalling efforts of sorts that he did, and this is just a breakdown of who voted for what to give us an idea of who was with us and who was against us.

Q And was this distributed generally to the fundraisers in NEPL?

A Yes. See, it could conceivably be Dan's writing, because here is his writing on the second page. Madigan of Illinois and Bob Smith of Oregon. That's his writing, so he could have written that on there. The only reason I don't think it is Dan's is that Dan is not the least bit political. He is not political at all. He had to be told who stood where and why and when, and he wouldn't know to write defense or offense. He just wouldn't know.

Q Well, to summarize --

A Unless he was told.

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Q To summarize, Ms. McLaughlin, on the second page of this exhibit, I take it from your testimony you believe that handwriting is Mr. Conrad's?

A Yes, it is.

Q And on the first page, you are uncertain about whose handwriting that is; is that correct?

A No, I'm not uncertain. I do believe that it is Spitz's handwriting.

MR. FRYMAN: Ms. McLaughlin, I have no further questions at this time. I believe Mr. Buck may have a few questions.

(Discussion off the record.)

EXAMINATION

BY MR. BUCK:

Q Ms. McLaughlin, the first thing I would like to do is go through some of your personal background with you. When were you born?

A December 10, 1962.

Q And what high school did you attend?

A Bloomsburg Senior High School.

Q Where?

A Bloomsburg, Pennsylvania.

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Q Could you describe the rest of your education after that, please?

A I graduated from high school in 1979. I then went to Gordon College in Wenham, Massachusetts. I stayed there one year. I moved to Seville, Spain, and stayed there approximately two years. I came back and finished my degree at Penn State University, graduated in May 1983 with a BA in international politics and foreign affairs. I was then recruited by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Q Just education at this point.

A Education is over.

Q Where did you live after you graduated from Penn State?

A I moved to New York.

Q And why don't you describe the job you took there.

A I was hired by Merrill Lynch as an account executive trainee. I became registered as a retail account executive, stockbroker, and stayed in production until October of 1984. I then left Merrill Lynch and went to Alliance Capital Management Corporation.

Q Why did you leave Merrill Lynch?

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A Greener pastures.

Q Did you have a job offer before you left?

A No, I didn't. I had contacts elsewhere.

Q And you just felt certain that you would get a job after you left?

A Yes. I joined Alliance Capital in December 1984 and was an assistant to an international portfolio manager, and stayed there a year and left New York in November 1985. I was home with my parents for about two months in Pennsylvania, and moved to Washington in January 1986.

Q Why did you leave Alliance Capital?

A Is that important?

Q I'm curious.

A Is it important?

Q Yes, it is important?

A To my testimony?

Q Yes.

A I was very unhappy and I was physically ill.

Q Unhappy with your boss or unhappy with --

A Just unhappy.

Q I take it you didn't have another job when you left Alliance Capital?

A No, I didn't. I went home to recuperate.

Q Do your parents work presently?

A My father is retired. My mother still works.

Q What did your father do before he retired?

A He was a physical education director at Bloomsburg University.

Q What does your mother do now?

A She is an elementary school teacher.

Q And are you married?

A No, I'm not.

Q Where do you presently reside?

A [redacted]

Q Could I get an address?

A [redacted] I thought you told me I didn't have to reveal this kind of information.

MR. COHEN: Off the record.

(Discussion off the record.)

BY MR. BUCK:

Q What did you know about the Channell organization before you joined it?

A Nothing.

Q I think we might have --

A Much to my dismay, no.

Q I think we might have this on the record, but could you tell me how you got your job at the Channell organization?

A I came down to Washington in, I think it was I first came down in late November, and then came down in early December to job hunt, circulating my resume to Republican job banks and conservative job banks, and went to the Leadership Institute and talked with a gentleman by the name of Steve Whitener, who told me that an organization call the American Conservative Trust was in need of fundraisers, and he also told me that they had another organization which was an educational foundation that worked exclusively on foreign policy and defense issues, and these were the two issues in which I was most interested, so I contacted Dan Conrad directly; Steve Whitener was to have done that for me, but he didn't say so, I took it upon myself to call Dan, and on December 11, I'm pretty sure it was December 11, I met Dan at the Hay-Adams hotel. We had drinks in the lounge, and he talked to me all about NEPL and the upcoming Central American freedom program.

I hit it off with Dan immediately. I really liked him. I was very impressed with the things he was saying to me, and I told him that I wanted to work with him. He then told me, well, we're going to have one problem. He was very impressed with my background. He had once been a broker, and he believed that my experiences on Wall Street would lend themselves very well to the work they were doing, but that the problem was Spitz Channell, the boss, who didn't believe women could raise money, so he would have to overcome that obstacle first, which he would do, and then get back to me.

I was very eager to get down to Washington and get working and get back on my feet again, so I moved down after a few days and kept after Dan and did some other interviewing. Danny Graham was interested in hiring me and NICPAC wanted me, and Dan finally said I have it cleared, you can start on the 15th, so I came in on the 15th. I had not met Spitz. I didn't even meet him the day I started.

Q Okay, you mentioned that you came to D.C. and were interested in some particular issues. I'm wondering, where do you place yourself on the political spectrum?

A In foreign policy and defense issues, very conservative, though I am not pleased with the outcome of our policies in Central America. They have become considerably misguided in my opinion.

Q And you are aware that the Channell organizations or you were aware at this time that Channell organizations raised money for conservative causes?

A I was not political prior to coming to Washington. I knew I was never affiliated with the Republican party in any way. I mean I come from a Republican, relatively conservative family, but apolitical.

Q I'm just wondering about your knowledge of the Channell organizations?

A There was no knowledge. None whatsoever.

Q Then you talked with Dan Conrad?

A Yes.

Q Then you developed a knowledge of the Channell organizations?

A I learned about the National Endowment and the American Conservative Trust.

Q And they were conservative organizations?

A Yes.

Q And you therefore felt that -- or let me ask a question, did you feel that your views and the purposes of the Channell organizations were similar at that point in

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time?

A Yes, I did.

Q What was your income when you joined the Channell organization?

A I started and finished at the same, $2500 a month, which is $30,000 a year.

Q Since leaving the Channell organization, what has your income been?

A Zero. Big fat one.

Q You have not received income from any sources then since leaving Channell?

A Well, do I consider help from my parents and a few friends considered income?

Q I guess it would be a way of surviving.

A Loans.

Q And other than loans, that's the only --

A There's been no other remuneration or income from any source.

Q You were on a strict salary basis with Mr. Channell's organization; is that true?

A Yes.

Q Do you know approximately how much Mr. Channell

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made when you were with his organization?

A In excess of a quarter of a million, all told.

Q That was in the one-year period in 1986 that you were there?

A According to the documents, when you add everything up you come up with -- money that was given to him, money given to Channell Corporation, money given to Eric Olsen, they were all ways for Spitz to be paid, and I learned that from an assistant accountant.

Q Let me jump ahead a little bit here. When you left the NEPL organization, were you angry with the NEPL organization?

A Yes, to say the least. I remain angry.

Q I would like to talk to you now a little bit about your motives and your mental frame when you were with them, the Channell organization. How did you feel that Spitz Channell treated you while you were there?

A Often, it was very much an emotional roller coaster with Spitz. When I first joined the organization I remember when he came into the office he completely ignored me, but my second day on the job I raised $30,000 and his ears sort of perked up considerably, and he took me out for

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drinks that evening and told me -- proceeded to tell me I had made a complete liar of him and he was all excited now, which is just an emotional roller coaster. This man was the most volatile human being I have ever known in my life. He would be talking to you as I am talking to you now, very calm, listen, very pleasantly, and then he would just turn, just turn and berate you. He had a tongue like a double-edged sword. It was just -- he said a lot of derogatory things about women. I was his only female fundraiser, the only female executive in the office.

Q Did you feel he had a bias against women?

A Yes I did, but that didn't bother me, because I was exposed to that on Wall Street. That was what challenged me to raise more money, and there were times when I really in the very beginning, it was a kind of relationship where I wanted to prove myself to him, and I wanted to be able to get closer to him because I thought that he was a political genius and that there was so much I could learn from him. My opinion quickly changed.

Q Let me ask you this: Why did you think he had a bias against women?

A Well, if you went out to lunch with your boss and your associates and you were the only man there, if your boss was a woman and your associates were all women and they were all saying cutting things about men, wouldn't you feel a little uncomfortable?

Q Yes, I would. Was there something about Spitz Channell that made you think that he as an individual did not like women?

MR. COHEN: Is your time frame when she first met him or later after she had been there a while?

BY MR. BUCK:

Q This is during the entire time you worked for him?

A My impression [redacted] was never like that to me.

Q Did you feel any [redacted] received any advantages because of that fact?

A I don't know what you mean by advantages. [redacted]

Q I mean financial advantages.

A Well, I would have to say that the -- I was at a disadvantage, and I don't know if it can be blamed because I am a woman, I don't know what the reason is for it. But in May, we hired, Dan hired a young man who was with E.F. Hutton, and E.F. Hutton handled Spitz's account and NEPL's account, and his background, Fred Fried's background was almost identical to mine. He was two years older, but I had two years' jumpstart on everybody because I started college at the age of 15, so our backgrounds were very much alike; and I was told when I was hired that it would be a probationary period for three months to see if things would work out, and then after that time if things were going well, I would be given bonuses, that that's the way it worked, and I didn't ~~any~~ really care because to me $2500 a month was a perfectly fine salary, and I was interested in getting into the work and that's all that mattered.

But unfortunately, in May, I don't know if you know where the offices were on Capitol Hill, but it was a real small townhouse and I worked and came in very early and often worked late, and I remember being in the kitchen, which was also the makeshift accounting department, making coffee, and the phone rang and I was the only one there, and Philip Meo used to keep the desk absolutely clear. There was absolutely nothing on the desk, and I'm answering the phone;

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and I need a piece of paper and pencil, so I opened his right hand drawer to pull out a legal pad which was on top and a pencil, and I'm writing on the bottom of the legal pad and on the top of it, it was the end of May, in pencil were the payroll figures and I was stymied. I saw Fred Fried was being paid $12,000 more a year, and I thought to myself, well, perhaps he is more qualified than I thought, and it really hurt me because I was making the same salary as Spitz's secretary, and I had no idea that the other fundraisers were making so much more money than I.

Q So you felt you were in a relative sense being paid a small amount?

A Yes, in a relative sense, definitely. Cliff was making 80. Kris was making 39. Spitz's salary was in excess of 125 just on paper, and I was upset, and I think I had every right to be, and I approached Dan about it.

Q Let me move on to a different subject. I just wanted to know what your feelings were regarding your pay.

There's a strand that seems to be running through all your comments on Mr. Channell, and that is that, and this is my term, I want to get your term out of it, but he's a fake or a con artist. Is that something that you feel?

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A Yes.

Q What do you base those opinions on? Can you tell me, can you list or tell me some things --

MR. COHEN: First, do you adopt that or do you have words of your own?

THE WITNESS: Yes, I do. No, I would say there's a word in Spanish called "enganador," and I guess the best way to translate it is an incredible BS artist, and I didn't think that in the beginning, I mean I was just in awe of this man. He had such command of everything, but I would have to say that it started to wear down when I made my first -- so I guess I was aware of some things as early as February. We went to Texas to meet with a man by the name of Harry Lucas. He was someone Spitz had tried to bring aboard as a contributor and had no success in doing so, but I had gotten so far as to get an appointment with him in Texas.

I remember Harry's assistant, George Pond, after Harry had left the suite, I stayed in this, we always stayed in the very best of hotels, and Harry didn't like that. He questioned it. He said you certainly spend a lot of money in your fundraising process, and I was not the least bit aware of the rules and regulations of a tax-exempt organization. I

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had never worked with one, and unfortunately I didn't bother looking into it because I believed I was coming aboard working with an outfit that was working directly on behalf of the President. That's the impression they gave me from day one.

MR. COHEN: You are moving a little far afield and not listening to the question.

BY MR. BUCK:

Q Let me get general categories from you if I can instead of specific instances and you tell me the general categories. I don't want to put anything in your mouth, why he was a fake, why you did not believe he was being truthful or honest with other people.

Let's go off the record for a second.

(Discussion off the record.)

BY MR. BUCK:

Q Let me ask the question again.

Can you give me some general categories that would indicate that Mr. Channell has not been truthful with the people he deals with?

A He would lie about budgets. For instance when we were preparing projects, he would say, well, we need 2.5

million for this and then five minutes later say no we need 3.2 million. He would change budgets in midsentence.

MR. COHEN: I don't think you have to go into detail. He's asking for general categories.

THE WITNESS: He would lie about his relationship with the President. Leading people to believe that he was very close with the President when in fact he had only met him once.

He lied to me about the work we were doing, most notably the TOYS project. He lied about his relationship with Uno. He lied a lot to contributors.

BY MR. BUCK:

Q Can you expand on that?

A Lying to contributors?

Q Yes. What did he do?

A He would wine and dine these very dear, wealthy, widowed women and then behind their backs call them the most pathetic names. He had two very supportive contributors, these two women. One just happened to be extremely --

Q Could you tell me the names?

A Mary Jo Pentecost. She is a very heavy-set woman but she is just a lovely woman and would sell the shirt off

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her back for him and behind her back, Spitz and Cliff and Dan would refer to her as [redacted] and then this other woman, Dr. Mary Adamkiewiecz of Delaware, somewhere in Delaware, she is an elderly woman and she is, you know, with age you don't -- sometimes get a little less attractive, but she is another woman who I think has sold some of her land to give money to him, and they would refer to her as [redacted]

Q Could you briefly recap for me your relationship with Linda Guell, when you met her?

A The first time I met her was back in the spring had she had come by with I think Burkhardt Smith, who was in charge of the Western Goals German office. I didn't see her again until August when the Western Goals office in Alexandria was moved into our offices on Pennsylvania Avenue. I didn't spend any real time with her. She only stayed three weeks. She was completely alienated while she was there, she and her secretary both were. I always had the impression, I would go by her office, and stop to say hello, you know, and chitchat for a few moments, and Cliff would always be there. Cliff would always come around and just sort of stand there as if it were something I shouldn't be doing, and he would give me dirty looks like I shouldn't be

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talking with her and I never quite understood that until later.

August was about the time when I was really growing --

MR. COHEN: The question was the relationship with Linda Guell.

THE WITNESS: I'm getting to that. You can't just describe something like that, or I can't.

I was growing very disgruntled with the organization because of the political ads they were doing.

BY MR. BUCK:

Q The political organization?

A Yes, the ads in Maryland. I was not in agreement with what they were doing and I started to think I should be looking elsewhere. Dan knew this. Dan was encouraging me if I was so unhappy. He didn't want me to leave, kept saying wait until the elections are over, and I think it was in September. I don't remember the first time that I called her, but I remember calling her, and letting her know that I was really unhappy and would she talk with me and give me some ideas. I knew that she was back on the Hill in Senate Judiciary and I was hoping she might be able to give me some

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pointers on where to go and what to do and then we just became friends.

Q Did you develop with her a plan to get Western Goals started again?

A No.

Q She left the Channell organization, could you characterize what her feelings were if she expressed them to you when she left the Channell organization?

A She was very unhappy with what they were doing with Western Goals or rather what they were not doing with Western Goals, and she couldn't tolerate Spitz's behavior, and she wouldn't go along with the show, so she left.

Q Okay. You are presently unemployed; is that correct?

A Yes.

Q What types of jobs are you looking for now?

A Just about anything, I guess, you know. Beggars can't be choosers.

Q Are you looking for work with fundraising organizations?

A Well, I have interviewed, for instance with the Ethics and Public Policy Center. That is a tax-exempt organization, and they do some terrific work.

Q As a fundraiser?

A Well, it would be half and half. They want me to work on their Central American project, or Central American desk. They put out educational materials. They don't have these showy projects that Spitz did. They write a lot of books and they want someone to help them on their Central American research, et cetera.

Q You are still looking for work in the fundraising area as well as --

A I don't want to abandon the work I came here to do. Unfortunately I was lied to and I thought I was doing something I wasn't doing. I want to get back on track because as far as I'm concerned it is very needed.

Q You met Oliver North on several occasions?

A I met with him privately on one occasion and had attended two briefings [redacted] where several people were present, and was in his company maybe a total of six times.

Q So you had an opportunity to observe Mr. North?

A Yes.

Q What did you think of him?

A I was very impressed with Ollie. I believed him to be very passionately involved in this issue, very charismatic, very emotional, and I believed we were working with the best.

Q During the time that you observed Mr. North, did you ever hear him in these public brief~~s~~ings that he gave, not public brief~~s~~ings but the brief~~s~~ings that he gave, did you ever ask him, did you ever hear him ask for contributions?

A While Ollie was present? Are you talking about the brief~~s~~ings with Ollie?

Q Did you ever hear Oliver North ask for contributions?

A No. No, but he would say, if something came up, if a contributor would ask a question with regard to money o something along those lines, I remember him making the comment twice because he made the same comment at both briefings, it was sort of just smile and say there are certain things that I can't discuss on this side of Pennsylvania Avenue but that will be addressed by my friend Spitz later on, meaning at the dinner after the briefing.

Q So Mr. North never sought contributions?

A No. Not that I know of.

Q That's what I'm asking.

Do you have personal knowledge whether Lieutenant Colonel North knew that the Channell's tax-exempt organizations were being used for purposes that would not be consistent with the law?

A Do I have personal knowledge?

Q That's right.

A Now, yes, I do.

Q You think that North knew what?

A Wait. Rephrase the question or reask it.

Q Okay, do you have personal knowledge that Lieutenant Colonel North knew that Mr. Channell's tax-exempt organizations were being used for something that was not consistent with the law as you know it?

A No, I do not have personal knowledge of that.

Q There are several references throughout the exhibits we've had in the last two weeks of your depositions to Mr. North and funds being delivered by Spitz or Mr. Channell or someone else. Do you know what Mr. North did with that money?

A No, I do not.

Q Do you know if any money was ever delivered to him?

A No, I do not.

Q One of the references in the exhibits or in prior testimony was to a [redacted] $91,000 travel fund. I think it was $91,000. Did you know whether Lieutenant Colonel North ever received any money for a travel fund?

A No, I do not.

Q In your opinion now, did you think this was another one of Mr. Channell's ideas to raise money, or did you actually think that there was some substance to what he was saying?

A No, I did not believe there was any substance to what he was saying.

MR. COHEN: About the $91,000 travel fund.

THE WITNESS: Yes. Yes.

EXAMINATION

BY MR. FRYMAN:

Q I would like to talk to you briefly about the TOYS account, if I could. How did you know where the money from the TOYS account was going?

A How did I know --

Q Did you know where the money from the TOYS accounts was going?

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A I knew it was going to IBC.

Q You don't know if any money from the TOYS account was ever used to buy weapons?

A No, I do not.

Q You were told that money was being raised for the TOYS account to buy weapons?

A Yes.

Q Did you feel this was a fundraising scheme?

A I feel that now, yes. I didn't at the time.

Q What did you feel at the time?

A Well, early on, I believed in what I was doing. I believed very much in what I was doing, and if I had believed up until the very end that it had been done I never would have opened my mouth.

Q Briefly, what were you doing? You said you believed in what you were doing.

A I believed that we were the organization working directly on behalf of the President and his policy in Central America to provide direct military assistance to the troops in Nicaragua.

Q So you believed that the money you received in your fundraising efforts was being used to buy weapons?

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A Yes.

Q That money was going into, I think a tax-exempt organization, wasn't it?

A Yes.

Q So you believed, and in fact wanted, the money that was going into a tax-exempt organization to buy weapons for the Contras in Nicaragua?

A Yes.

. (Discussion off the record.)

EXAMINATION

BY MR. BUCK:

Q During the time that you believed the money was being used to buy weapons, were you aware of what the law was?

A No, I was not.

Q Did anyone ever tell you what the law was?

A No.

MR. COHEN: I think you ought to ask one more question and that is did they believe in any way that it was against the law or did anyone tell her it was against the law.

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BY MR. BUCK:

Q Did anyone tell you it was against the law?

A No.

MR. COHEN: Did you believe it was against the law?

THE WITNESS: No, I just believed it was against the liberals because that's what I was told. Too politically naive at the time.

BY MR. BUCK:

Q Did you believe that you were more successful as a fundraiser because you were able to tell potential contributors that you were raising money to buy weapons as opposed to boots or that kind of thing?

A I never told the contributors that we were raising money to buy weapons. Those words were never uttered out of my mouth.

Q No contributors knew that the money would go to buy weapons?

A It was implied but never stated specifically.

Q Did you feel that by implying that a potential contributor's money would be used to buy weapons that you would receive more money from that potential contributor?

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A Yes and to expound on that it was because of the relationship with Ollie North. Dan asked me to do an analysis, which you have right there, of my fundraising, and to break down the reason that contributions came in, and it was determined that we raised the most amount of money based on meetings with Ollie North.

Q So what did you feel Mr. North's role was in this fundraising scheme?

A Lending credibility to the implication of the TOYS project.

Q You said implication of the TOYS project. Would you explain that, please?

A Spitz would always say that we should never come right out and discuss this because we could never know who was an adversary and who was an ally, who was spying for the liberals and who wasn't, and that people would meet with Ollie and that that was all they needed. They could be told that we are -- we have a very special project to support the President's policies directly. In reflection, Spitz would often say how can we expect these young men and women to be fighting a war against Communism with bread and butter and leave it at that and that would get the person all stirred up

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and then you would know.

Q Do you consider yourself pretty knowledgeable about the situation in Nicaragua?

A Yes, I do.

Q And briefly, if you could, just how did you gain this knowledge of Nicaragua?

A I have studied the history of Central America. My major was international politics and foreign affairs. I have been familiar with what has happened in Central America for some time, and Central America and the Strategic Defense Initiative were the two issues of the Reagan Administration that I was most interested in supporting, and that was the reason I came to Washington.

Q You also mentioned conversations that you had with Mr. Robelo.

A Yes.

Q Did you know Mr. Robelo's role in the Nicaraguan resistance, prior to the conversations that you had with him?

A Yes, I did.

Q What was his role briefly?

A He was one of the leaders of the united Nicaraguan opposition.

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Q Was he a military commander or a political official?

A A political official heading up the more moderate faction of the united Nicaraguan opposition.

Q Geographically located where?

A Southern front.

Q Now, Mr. Robelo is a political official. He should know about the political efforts in Nicaragua?

A Yes.

Q Should he know, do you think he should know whether who was buying weapons for the military commanders in Nicaragua?

A No, because the funds didn't come through him. They went through Adolfo Calero and FDN.

Q Okay, Mr. Robelo told you at one point that Mr. Channell's organizations were not helping him by funds, is that a fair characterization -- by weapons?

A The question to him was are we the organization providing the most direct assistance to the troops? And his answer was, you mean like Singlaub? And I said yes, and he said no.

Q Now, why would he know about direct assistance to

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the troops if he is a political leader?

A I believed that he would know who was helping. The political leaders representing the troops, representing the opposition, I believed they should know whether they were getting any help, any private help.

Q And how do you know that the political leaders represent the troops or in any way have any connection with money that goes to the troops?

A I believed at the time that I asked him the question. I have since learned otherwise.

Q How did you gain knowledge of that fact?

A I don't think it was a gaining of knowledge. Perhaps it was a presumption on my part.

Q Again, was there a basis for the presumption?

A I suppose so. When I first met Alfonso it was at a reception that he gave for Enrique Bermudez, B-e-r-m-u-d-e-z, and I was very close to Alfonso, and I believed that he could help me come to terms with my suspicions of this organization. I had been used by the organization to try and bring the organization closer to the Cruz and Robelo faction of Uno.

Q Mr. Robelo never told you that money -- he would

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see the money that was going to the military commanders, did he?

A At that time, no. I didn't elaborate when he answered my question, because I was stymied by what his response was.

Q You mentioned a meeting of contributors to the Channell organization on April 16, 1986.

A Yes.

Q And you described the sitting arrangement around a table. Could I ask you to do that again please?

A I didn't describe the sitting arrangement around the table for the April 16 arrangement. I described it for the January 30 meeting in the Roosevelt room with President Reagan.

Q Would you tell me who attended the April 16 meeting, if you could?

A I recall who of my contributors or potential contributors attended. I don't remember who else was there. My contributors on April 16 were Ricardo Capote, C-a-p-o-t-e, and Searcy, S-e-a-r-c-y, Ferguson, F-e-r-g-u-s-o-n.

Q Do you remember if there were any other contributors there?

A Yes, there were other contributors there. There had to have been six contributors there, because at one point in the dinner Spitz was soliciting -- very openly requesting $600,000 for transport planes, and said there are six of you here. I hope each of you will be able to help accordingly. Who the other four were, there was one other guy who was Kris' contributor and I don't remember his name. A local guy. As far as I know, nobody really ended up giving any substantial money.

Q Have you ever met Mrs. Ellen Garwood?

A Yes, I have.

Q Was she at the April 16 meeting?

A I think I would remember that, and I don't think she was. She could have been. I avoided her.

Q Why was that?

A She was very abrupt. She was rather -- I just didn't like being around her. She was nasty. She wasn't a very pleasant old woman.

Q I would like to refer to Exhibit 12. Do you have that in front of you?

A Yes.

Q Where did you receive the information to develop

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this sheet, these two sheets of paper?

A As I said earlier, the information came from knowing that these were the districts in which we were placing television advertisements in support of the President's policies. As far as knowing the names of the congressmen, I got that out of the American Almanac. The Almanac of American Politics. That's the name of the blue book.

Q. How did you know that these were the areas where you were advertising on television or in the media?

A How did I know? The information was provided to me by -- to us by the Goodman Agency, who would buy the advertise -- the time in these districts. We had breakdowns of our advertising times and places, and I gathered the information from those documents.

Q I'm wondering why you were involved with placing advertisements in different media markets?

A It was part of the Central American freedom program.

Q I assume, and this is probably where I'm wrong, I assume your function was as a fundraiser. I didn't know that you had --

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A In order to raise money, I had to know what our project was.

Q In raising money, you would mention that you were advertising in North Carolina or you were advertising in Tennessee?

A Yes.

Q And you were advertising in Kentucky.

A Referring to them as key media markets.

Q And how did you know that in North Carolina, you would be advertising in the third Congressional district?

A How did I know that?

Q Right.

A We were given a document by Goodman Agency that was a breakdown of the districts in which we were advertising, and it would give a breakdown of the times we would be advertising, the days we would be advertising, and state specifically this is the third Congressional district of North Carolina.

Q The Goodman Agency document would state that it was a Congressional district?

A Yes, and that's part of my documents that I provided. I have one of the examples. I was not just a

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fundraiser. I was a project director, so it was important that we all know the political nature of what we were doing. I had to know where the opposition was. Where we were trying to have the most influence by providing information and education in these areas, and there's no point in placing television ads in areas where there is support. You want to do it where there is not support, because you believe there is not support because they are not adequately informed or educated.

MR. BUCK: Could we go off the record for a second?

(Discussion off the record.)

BY MR. BUCK:

Q Would you tell me how you developed your knowledge of the purpose of the shopping list?

A I didn't. The shopping list and Santa's list were mentioned very early on, and they were never -- I don't remember them ever being brought up again. When Kris was explaining to me the TOYS project and what Green stood for, he told me that the shopping list referred to the list of materiel needs of the freedom fighters, but it was very early on, and then it was just never -- I never heard it mentioned

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again.

Q Did you ever see a shopping list?

A At one point, Spitz or Cliff or perhaps both had something in their hands that was -- that they referred to in the office. I remember Cliff holding something at one point, and I remember Spitz holding something and talking to Dan about Santa's list. I recall them being used interchangeably, Santa's list and the shopping list were one and the same, but I never saw the document.

Q So Spitz held a document and said, or implied, that it was a Santa's list or a shopping list?

A Spitz referred to it as a shopping list and I remember Dan or Cliff holding something in his hand and referring to it as Santa's list, and it was shortly after I started working there.

Q January, February time frame?

A It would have been -- it was before the meeting on January 30. It was in that two-week time period, and the TOYS project really wasn't explained to me, it was never really explained to me in full. Obviously, if I had one impression and it was something entirely different, but Kris's explanation of it was given to me in February because

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we were preparing for this, for our first military briefing, which was to be held March 10, but because of the upcoming vote it wasn't held until March 27; but we were sending mailgrams out at early as February setting the stage for this, and that was when it was explained to me.

Q What the TOYS project was?

A Yes, and the work that we were doing, and I was always told the reason we had to keep this very quiet was because if this kind of information were to get into the hands of the liberals, it could destroy the President's policies.

MR. BUCK: I have no further questions.

MR. FRYMAN: I have no questions.

MR. COHEN: I have no questions.

(Whereupon, at 11:50 a.m., the deposition was concluded.)

JANE E. MC LAUGHLIN

UNCLASSIFIED

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645
28AM

Western Union Mailgram

4-0447715059002 02/28/86 ICS IPMMTZZ CSP WMSB
1 2025436137 MGM TDMT WASHINGTON DC 02-28 0546P EST

UNCLASSIFIED

JANE E MCLAUGHLIN OF THE NATIONAL ENDOWMENT
FOR THE PRESERVATION OF LIBERTY
305 4 ST NORTHEAST
WASHINGTON DC 20002

JM 000032

THIS IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2025436137 MGMB TDMT WASHINGTON DC 136 02-28 0546P EST
ZIP
MR RENE ANSELMO, PRESIDENT
SIN TELEVISION
460 WEST 42 ST
NEW YORK NY 10036
DEAR MR ANSELMO:

YOU ARE CORDIALLY INVITED TO A PRIVATE MEETING CONCERNING NICARAGUA WHICH WILL BE HELD HERE IN WASHINGTON. A VERY HIGH LEVEL NATIONAL SECURITY OFFICIAL WILL BE BRIEFING THE GROUP OF 10 WHO'VE BEEN INVITED. HE IS UNIQUELY QUALIFIED TO BRIEF US ON THIS ISSUE. THE PRESIDENT NEEDS YOUR PERSONAL SUPPORT TO WIN IN NICARAGUA. HIS PROGRAM WILL BE FULLY DISCUSSED WITH YOU AT THIS PRIVATE MEETING. I HOPE YOU WILL ATTEND AND PARTICIPATE. THE URGENCY OF THE SITUATION REQUIRES ME TO CALL YOU FOR CONFIRMATION AND SECURITY CLEARANCE INFORMATION IN THE NEXT 72 HOURS. I WILL ALSO BE ABLE TO DISCUSS FURTHER WITH YOU PRIVATE DETAILS OF THIS SECURITY MEETING

JANE E MCLAUGHLIN OF THE NATIONAL ENDOWMENT FOR THE PRESERVATION OF LIBERTY

17:47 EST

MGMCOMP

TO REPLY BY MAILGRAM MESSAGE, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

5774

UNCLASSIFIED

ELIZABETH S. HOOPER FOUNDATION
SUITE 1300
THREE PARKWAY
PHILADELPHIA, PENNSYLVANIA 19102

UNCLASSIFIED

May 27, 1986

Miss Jane E. McLaughlin
NATIONAL ENDOWMENT FOR THE
PRESERVATION OF LIBERTY
305 Fourth St., N. E.
Suite 1000
Washington, D.C. 20002

JM 000030

Dear Jane:

Enclosed is the contribution which I mentioned to you on the telephone ten days ago. I am a couple of days late sending it but I hope it will do some good.

Please have Ollie contact me to let me know what he is going to do with it, if that is possible. My office number is: 293-0216; my home number is : 688-6118.

Very truly yours,

Bruce

Bruce H. Hooper
Secretary

BHH/emm

Enclosure

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5775

6/3/86

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~~[illegible]~~ = two recon

To Do
- Green: call Bruce ~~Hooper~~ re: $100K + how it will be used
- Norman Braeman: not returning calls; promised $5K for Nicaragua
- Bill O'Boyle: Jane called + got no return call + called twice (couldn't get an appt.)
- Bill Greaves
- Curt Herge
- George Biondi
- Steve McMahon

[redacted]

029743

Charlie Blakemore:
- Fortress USSR via Federal Express
- ~~computer printout~~

Bill Forienza
- [illegible] Hour: Voice of Conservativism
  - send proposal via Fed Express

- IBC - develop a plan for ACT/NEFL, PR self-sufficiency in 1s [illegible]
- [illegible] 6/12 [illegible]
- send To Do lists to Rich + David
- $50K into 17 Senate races - Lyn Nofziger
- prepare a memo for [illegible]
- Sony dictating machine phone adaptor

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A 0027671

5776

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1. 1st contributions after a green mtg. -

B. Hooper	100,000
O'Boyle	130,000
Ferguson	5,000
	$235,000

2. invited to green mtg. but didn't attend - gave $
0

3. RR mtg. 1st contributions -

Starnes	30,000
R. Hooper	30,000
	60,000

4. other than an RR or green mtg. -
$65,786 (15K for RR SDI)

5. RR mtg. but didnt attend -

Roberts	10,000
Bendetsen	100
Goldman	200
Adams	1,000
Mosbacher	5,000
Lucas	747.50
Jacobs	1,000
	$18,047.50

4-[illegible]

5777

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UNCLASSIFIED -- NC Rate

JM 000182

Spitz met with President Reagan last Tuesday to discuss Nicaragua and during the course of their discussion, Spitz brought up the issue of [redacted]

You know, of course, that the President's aid package to Nicaragua passed in the Senate [redacted] However, it's doubtful that any aid will reach the Freedom Fighters much before the end of October (expound, if necessary). The President is very concerned that Congress will take their good old time in getting the bill ready for his signature. For this very reason, the President has urged Spitz to produce new TV messages with current information on Nicaragua and start them as soon as possible and run them into October - to act as a constant reminder to Congress to get on with things.

Spitz has given this as well as what the President shared with him [redacted] a great deal of thought. He's come up with what I regard an excellent plan of action.

[redacted]

It became very apparent to Spitz not only last Tuesday when he met with the President but again this morning in a phone conversation with the White House - that there is growing frustration with regard to [redacted] especially where Nicaragua is concerned.

5454

Partially Declassified/Released on 10-6-88
under provisions of E.O. 12356
by K. Johnson, National Security Council

This is a very opportune time to show the President that there are [redacted] who fully support his policies in Central America and are willing to put themselves on the line in the name of democracy.

If the President were to know that you and your people were actively supporting his policies in Nicaragua there is no doubt that he and the White House would be far more attentive to your plight [redacted]

While President Reagan is still in office and before the November elections it is very important that you and your people gain proper access to the White House. Your commitment to a true democracy in Nicaragua is your ticket to such access. [redacted]

The plan of action is to have your people finance the TV messages on Nicaragua during the conference committee

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DEPOSITION EXHIBIT
1

selection and negotiations of the appropriations bill to which the Nicaraguan aid package is attached. This would involve a minimum three week period beginning as early as September 8th.

It will cost approx. $70,000 per week to saturate the Washington DC media market with TV messages running three times daily (early AM news; noonday news; and prime time evening) Monday through Saturday on the major local networks.

Becuase of our close relationship with the President and the White House we would let them know who is financing the TV messages in direct support of the President's policies in Nicaragua.

This would be just the introduction you and your people need and would able to capitalize on in the very near future. This would allow you and your people to be directly linked with the President's policies in Central America [redacted]

We would need a total of $210,000 ($70K/week) to launch this campaign as a final measure to support the President and urge Congress to expidite the legislative process.

The payment schedule is as follows:

1. The first installment of at least $70,000 should be received no later than September 5th (should we begin the 8th) in order that at least one full week is financed and air time can be bought accordingly.

Jean Kirkpatrick: transcribe tape of her speech @ Ethics & Public Policy meeting

K. Big Dinner Event

1. "Where do we go from here?" (based on the election results)
2. Chair: Bunker Hunt (intro of Larry McDonald Memorial & Memorial to victims of KAL 007)
3. invitees
   - a. Hi $ Western Goals contributors
   - b. prospects
   - c. foundation representatives
4. Congressmen as speakers
   - a. Phil Crane
   - b. Steve Symms
   - c. Orin Hatch
   - d. Mark Holtzman
   - e. Edward Teller
   - f. Joseph Coors
5. dinner
6. Forum of Conservative Congressmen
   - a. addressing the conservative agenda, based on election results

L. analysis on money for Western Goals for December

1. CRC will get 2-3 Congressional sponsors for Western Goals
   - a. Steve Symms

M. Western Goals projects:

1. terrorism films
2. Nicaraguan aid letter
3. put people on the radio (pay to put them on)

DEPOSITION EXHIBIT
7
McLAUGHLIN

b. Jeremiah Denton

c. problem: how far ahead of time do we book them?

N. WG analysis: % of $ from WG contributors/NEPL contributors

II. Western Goals-Europe

A. meet with Franz Joseph Strauss

1. get a letter from Strauss saying "We really need you over here...(to broadcast the conservative message to all Germans)"

2. get Franz Joseph Strauss's position on SDI to the White House

B. Gerhard Lowenthal

1. 7 minute film @ Berlin wall

2. develop a script; contact young man @ Checkpoint Charlie Museum

C H 023643

3. "how the torch will mean so much to Germans"

4. 3 minute message from Kaiserlichte

C. radio station offer

1. Frieborg available now

2. Stuttgart later

3. 10 stations in total

4. total investment available: $60,000

a. CRC has commited $20,000 (not due til Spring)

b. 20-25% per year return on investment

c. with each 5% ownership, owner gets to broadcast 1 1/2 hours per week on any subject of the owner's choosing

I. political candidates can only be spoken about in the 2 months before the election

II. can make political commentary

    5. what is the law about foreign/nonprofit ownership?

    6. how many stations can we get?

    7. what is the listening audience for each radio station?

    8. how many government owned stations are there? where? how many listeners?

D. Constitution Project

    1. $1 - 1 1/2 million is being requested to co-sponsor ads

        a. our Chief Justice resigned to participate in this project!

    2. Mercedes Benz

    3. BMW -- Strauss

    4. Lufthanza

    5. Volkswagen

    6. Die Wielt

    7. Senate of Berlin

status

C H 023644

    8. Gerhard Lowenthal

        a. get text of Constitution to Gerhard ASAP (can Burkhard do this?)

    ⑨ find out who the ad agencies in the U.S. are for these firms

    10. status of meetings with companies

E. contact in Arlington, VA: Hanns-Seidel Stiftung/Foundation

    1. formerly housed at Heritage Foundation

what for?

F. Checkpoint Charlie Museum: Dr. Hildebrand, director

G. Prince Louis Ferdinand @ Charlottenberg

    1. get sample German invitations from Burkhard

H. Torch for Freedom

    1. good dates to erect: June 17 or August

2. find out when RR will come to Berlin for 750th anniversary
    a. best time is August 13
3. Lowenthal: will investigate 2 ways to have the torch
4. Lowenthal: send NEPL Nicaragua tapes ASAP
5. professionally videotape the lighting of the torch in Berlin to show to contributors who can't attend
6. Burkhard: photos of the Berlin wall at night (check Liam's books first) → LIAM

I. Communists at Bleveld Univesity

1. send us your report
2. get it translated

C H 023645

3. what other investigations do you want to do?
4. get Bob Dornan cover letter
5. headline: "RR authorizes SDI research money to be given to Communist scientists" (do a memo in Linda Guell's style)

III. Hill Potomac Group

A. send letter to prospects asking them to become clients

IV. Rich Miller

A. What will be the extent of the Freedom Fighter's public relations program in 1987?

V. South Africa

A. arrange a briefing on how to submit a bill to end sanctions on South Africa
B. briefing on current law and how long it will last; find out if any Democrats said the current bill was horrible
C. call Bob Keagan in Eliot Abrams office to determine all this

Doug Holladay - 647-6545

[illegible] where is present law vulnerable?

1. how can we cripple the current sanction law?

VI. David Fischer

A. Meese meeting

1. first with staff person to discuss Meese's participation in the Constitution project

2. DLC: draft of endorsement letter

3. bring list of Constitutional law experts so Meese can pick 3

4. schedule 3 dinners

5. list from Honor Meese Dinner

6. list of Eisenhower Building contributors

7. Lyn Nofziger lists

8. National Steering Committee membership recommendations

B. RR thank you letter

C. RR thank you meeting

D. John & Nancy Ramsey meeting

E. Pentecost meeting

F. Dole meeting: after November 4th

G. send ACT political tapes for RR

H. ~~send copy of~~ status of resume of Barbara Newington's friend (attorney)

I. status of sets of photos

1. King

2. Garwood

J. Bill Simon meeting

K. Berger information: who's on Steering Committees

L. Orin Hatch: mailing lists! -- David knows (meeting?)

project by ~~Dec 15~~ Jan 15

N. SDI meetings: David to arrange: due by end of Jan

   1. Mike Curb

   2. Joe & Holly Coors

   3. Bill Marriott

   4. David to make list by Dec 15 of National Sponsors

O. David will do liason work for West Germany

P. Dan Kuykendall ~~David:~~ Bob Dole: list of 20 people to invite to Future of Freedom meetings

Q. David: letter to Mrs. King from Casey re: her brother

   1. send David a memo on Mrs. King's brother

   2. Casey letter: "I know what you did in honor of your brother's memory and I want to personally thank you." (we can have either a letter or a personal meeting in DC)

R. status of meeting of Bill O'Neil with Regan — when he'll be back in town?

VII. Curt Herge

A. laws of European philanthropy

B. what UNO can and cannot do in the US (what are State Department restrictions?)

C. National Rifle Association--PAC: why doesn't their report show more expenditures?

D. British foundation: ASAP!

E. direct mail development

   1. how did FCM get its direct mail off the ground (process)?

      a. NCPAC

      b. High Frontier

   2. to be better in direct mail, do we need more publicity?

   3. do we need an important signer? Dole?

VIII. Direct mail

- A. meeting with new direct mail people this week!

IX. Bill Forlenza

- A. analysis of Western Goals direct mail to contributors
  - 1. Viguerie meeting
  - 2. Bruce Eberle meeting
  - 3. Mike Thompson meeting
  - 4. Steve Winchell meeting
  - 5. Brent Bozell meeting
- B. Forlenza: Western Goals Status Report (extra copies)

X. Lyn Nofziger

C H 023648

- ? A. arrange a meeting with Richard Wirthlin to discuss what his polls show after the election
- ? B. Lyn or David Fischer: how are you with Regan?
  - 1. arrange an appointment with Regan on Nicaragua
- C. Lyn or David Fischer: can we get through to Joe Coors?

XI. Nicaragua

- A. develop a plan for the Nicaraguan War Information Service
  - 1. daily video tapes (actualities)
  - 2. follow the model of Afghanistan
  - 3. research books on how press treated Vietnam
    - a. Mike Iacobellis: literature on press treatment of Vietnam in scholarly journals
  - 4. RR to make an aggressive speech
    - a. nobility of the Freedom Fighters' cause

b. [illegible] Communist regime

c. give Green an outline of the speech on Tuesday

d. RR should change the context

I. don't let the left do it

e. RR should have UNO there

647-7024 Carolyn, [illegible]

B. Bob Kagan: State Dept: get an appointment for the last week of October re: Nicaraguan Support Group (by conservatives)

C. Wesley Smith: contact for CAFP program

D. design CAFP program for Jan - March

E. meeting on Nicaragua with consultants

1. what we did right and wrong

2. what we need to do for the next go-round

C H 023649

F. C-span tape of RR speech on Nicaragua -- has Fawn sent it?

1. can we use clips from it? permission needed from C-Span

? Rafael has it

G. arrange tour of US military bases that are doing Contra training for Ramsey & Adolfo

XII. SDI

A. "Pledge to Support SDI to the End": membership campaign

B. meetings to arrange

1. Richard Perle

2. Bud McFarlane

3. Ed Luttwak

4. Kuykendall

C. Whittle Johnston

D. Q: what is the role of direct mail in educating the population? (vs. tv, radio, newspaper)

1. budget: $150,000 per week

2. ask Goodman, Blakemore, Finklestein

E. revise "My Dream" brochure

    1. Jane's World Aircraft (from Washington Times) SDI quote (Nov 20 to Dec 7) mike
    2. picture of RR & Gorbachev in Reykvick saying goodby
    3. quote of RR: "I'm not going to give away SDI" mike
    4. graph: '72 or '77 thru '87 spending on SDI (compare Soviet vs. US) mike
    5. headline: "Democrats Control Congress; SDI Doomed"
    6. headline in center of cover: Year of Crisis
    7. deadline: end of December

Rafael

XIII. Bob Dole

  A. "What Conservatives Must Do to Save the Reagan Agenda"
  B. Future of Freedom seminars in Jan/Feb

XIV. Green

  A. tour of Berlin Wall!
  B. NEPL contributors
    1. have all been called for Green fund?
    2. call Barbara Howell
    3. call EA Morris
  C. Fred Sacher & Green: walk on the wall at dusk

status?

XV. Ed Luttwak

  A. where are the budgets?
  B. agenda for Wednesday morning
  C. Blueprint for Democracies -- February, 1987
    1. 20 people
    2. Kissinger, Kirkpatrick to participate
    3. RR meeting to welcome participants (@ White House)

- submissions to govt
- not to be used for fund raising

Paul Weyrich

4. hold at Hay Adams hotel: February 25 through 27, 1987

5. develop a publication from the meetings

6. we'll get stenographers to take verbatim transcripts

7. Luttwak will bring research assistants

6 8. plan of the meeting

   a. day 1

      I. free expression -- 3-4 hours

      II. broad outlines of a strategy

   b. day 2

      I. country groups to see how the strategy will work

      II. report back to plenary session

   c. day 3 (1/2 day)

      I. list & describe the arguments against the strategy broadly & the strategy in specific countries

      II. develop counter arguments

   d. later: Congressional briefings

D. new topic: religion as a motivating force in revolution

E. December 10: Bob Dole & Ed Luttwak meeting

1. Dole: "Crisis in American Foreign Policy: The Commies Take Over the Senate"

2. Topic: Guerilla Warfare

3. Topic: How the Soviets Do It (as a model for how democracy should take over countries)

XVI. Dan Kuykendall

6 A. get endorsements for Network America

1. 5 Congressmen and/or Senators who'll sign letters for Western Goals

B. letter from Steve Symms supporting Network America

C. who did the RR film for the Republican party & who contributed?

D. lists to acquire

  1. Eagles

  2. Senatorial Trust

E. Constitution: list of Congressional supporters (due by 11/20)

F. arrange dinner with Paul Craig Roberts (Georgetown), Dole, & Ed Wiesel (week of Dec 9)

G. status of Nixon meeting

H. suggestions on who we should invite to the Nixon event

I. arrange dinners on Constitution project for all fund raisers with Kuykendall, Dole, David Fischer

J. South Africa: where is present law vulnerable?

  1. how can we cripple the current sanction law?

K. arrange Teller to meet with Ellen Garwood & CRC Dec 16 - 18

L. review meetings with new prospects for CRC & DLC -- who can Kuykendall introduce us to?

XVII. Terrorism

A. arrange meetings (not constituency on anti-terrorism)

  1. Ray Kline

  2. Kooperman

B. Green's staff to speak on terrorism

  1. Bob Earle

  2. Craig _________

C. arrange a day in Jan/Feb on terrorism

    1. get hostage Jacobsen to speak (Green can get)

    2. Terry Waite to speak

  D. Terry Arnold Conference on Terrorism: what is the status?

XVIII. Taiwan

  A. Mike: statements of Congressmen and Senators who're supportive of Taiwan

  B. request a list of Congressmen and Senators who're supportive of Taiwan from the embassy

XIX. Constitution

  A. title: "To Live Free"

  B. Whittle Johnston

    1. Adams or Jefferson wrote an essay on how the Constitution should properly be celebrated (get citation)

  C. important point: our Chief Justice resigned to do this project!

  D. Craig Smith: Statue of Liberty list

  E. Rick Manning: National Rifle Association may want to co-sponsor our Constitutional Minutes

  F. phone #: (202) PATRIOT

  G. RR film: 3 to 5 minutes on the Constitution

    1. show on first or last day of Constitutional Convention

    2. budget: $500,000

    3. play on all networks nationally

  H. National Sponsors/National Steering Committee ok

    1. Charleton Heston

    2. 2 astronauts Neil Armstrong John Glenn,

    3. Washington Redskins – Joe Gibbs – Jack Kent Cooke

    4. Clint Eastwood

    5. Helen Hayes

    6. 2 or 3 preachers Pat Robertson.
    Jerry Falwell

Tom Selleck

b. call Ralph Hixson for religious
political leaders in Dallas

7. Billy Graham

8. Silber, Boston University – John R. Silber

9. Donald Trump

10. American University president – Dr. Richard Berendzen

11. Fr Hesburg Notre Dame University

12. Dolly Parton

13. Paul Laxalt

14. Pearl Bailey

15. Willard Scott

16. Bunker Hunt

17. Roger Staubach

18. Ross Perot

19. Chuck Robb

20. Denton

21. Iacocca

22. IM Pei

~~23. Chinese?~~

~~24. Cubans?~~

25. Marcos

26. Schwarzenegger

27. Bill Cosby

28. Barbara Jourdan

29. Lady Bird Johnson

30. St. John Garwood

31. Mrs. Douglas MacArthur

32. Richard Nixon

33. Bill Simon

C H 023654

d17-35

35. Tina Turner

36. Aretha Franklin

37. Don Johnson

38. Stephen Spielberg

39. Michael J. Fox

40. George Lucas

41. Katheryn Hepburn

42. Mary Martin

43. Sylvester Stallone

44. Angela Lansbury

45. John Denver

46. Anna Chenault

47. Claire Booth Luce

48. Shirley Temple Black

49. Anne Armstrong

50. Malcolm Forbes

51. Edward TEller

52. Eddie & Fran Chiles

C H 023655

I. Kuykendall: review list to see how many he can get in 30 days

J. celebration in September

1. fireworks exhibition @ WH on Sep ~~25~~ 17

2. ads on tv all night

    a. 1, 2, 3, 5 minutes, nationwide

3. RR makes a national paid address

4. celebrity dinner for National Committee

    a. RR attends

    b. culmination: 30 minutes of fireworks

A 0020846

near Lincoln Memorial

c. contributors attend dinner

XX. Nicaraguan Book

A. The Struggle for Nicaragua

B. Contributors

1. Charles Robb

2. Henry Kissinger

3. Uri Orlov

4. Chevechenko

XXI. Richard Nixon

A. get Future of Freedom folder printed

B. Nixon briefing in NYC

C. "Strategy of Summitry"

C H 023656

XXII. IARM: Institute for the Analysis of Revolutionary Movements

A. Kris Littledale, Executive Director

B. 1 secretary

C. 2 fund raisers

D. 1 media consultant

E. activities:

1. conferences

2. publishing

3. polls

4. commercials

XXIII. DC Briefings

A. Jan 15 - Nixon, Kissinger

B. Feb 15 - Insurgency (NEPL)

C. Feb 25 - Dole - Future of Freedom

D. new project: State of the Union III

A. Angela: keep a file for CRC: new contributors by direct mail

B. Mike: Gold Book: Palm Spring's Who's Who

C. Mike: Washington On-Line inquiries

   1. Funderburke for Senate

   2. Linda Chavez for Senate

   3. DC contributors

   4. Dole contributor list

D. Mari Maseng: RR letter response

E. Kris: President's Club article from Fund Raising Management

F. Warms: 1986 contribution report

G. Bob Vastine recommendation: ad man: Roger Ailes, NYC, John Krauscher, Ailes Communications

C H 023657

H. what shall we use him for?: Clark Clifford, Democrat, former Secretary of Defense

I. develop a list of what consultants can do for us, especially Lyn Nofziger

J. Goodman owes us $14K

   1. we sent $20K for election nite placement

   2. only $6K used

K. fund raisers

   1. go visit someone in DC once a week

   2. how can we get the fund raisers to call the contributors?

   3. arrange personal encounter meetings with prospects for fund raisers

   4. arrange fund raising events: have a shepard (call Tom Synhorst)

      a. process: shepard; call; letter; call; event (with Senator); thank you

      b. 200 invitations; 40 responses (host

knows invitees;

I. 8 weeks lead time

c. solicitation letter: try the report format used by Linda Guell; cover letter from a name

5. priorites:

a. 2 fund raising events per month in DC

I. one for Western Goals

II. one for NEPL

b. 1 fund raising trip per month outside DC

I. leave Sun, return Wed

II. leave Thurs, return Mon

⑥ goal for December: $60K for Western Goals!

7. needed: new ways to manage the fund raisers! (reports on specific people they've contacted?)

⑧ Austin, TX trip: 3 or 4 days; Dec 20 thru Dec 23 reschedule?

a. Driscoll Hotel

b. Liam, Cliff, Dan, Spitz

L. Harold Siebens-Montreal: go visit him!

1. call Art Finklestein

M. daily tasks: check balances, fund raising results

N. George Victorson: drawing of Berlin Freedom Torch

O. directors & officers liability insurance

P. NEPL list

1. add all dm responders (separate code)

a. sort by highest gift

2. first of every month: notebook to each fund raiser of current list

3. Western Goals contributors should be arranged the same way
4. DLC must approve the print out
5. are Jane's contributors on the data base?
6. why aren't specific contributors on the list?
7. get a print out of contributions?
8. get NEPL print out by reps intials

Q. Rafael

1. develop a written internship program
2. what countries do we want to involve in the Constitution project?

C H 023659

③ UNO meeting Dec 22 - where?
    a. fly on Dec 20 - return Dec 23?
    b. Miami?

Ⓡ Security Guards

1. 8 am to 6 pm (2 per day)
2. list of who can come in
3. needed for 2 months
4. plain clothes
5. ask David Fischer
6. what else can they do?
7. ask Kuykendall
8. sweep phones for bugs
9. does Linda Guell know codes?
10. change the codes ASAP!
11. keep front doors closed & locked at all times
12. Marines/Police

S. David Lane

1. $4K & 15%
2. Constitution
3. Berlin Freedom Torch
4. Future of Freedom
5. organize fund raisers all over TX & OK

T. Margaret Brock: arrange for her to have a fund raiser for us

U. Fred Sacher & Green: walk on the wall at dusk

V. what's happened to this list?

1. CA list of Armenians: strong Conservative who ran for Senate
2. we've done nothing with this list
3. Jane & Kris divided the list

W. Green list of contributors to Nicaragua

C H 023660

1. Brunei
2. Goldsmith
3. ask them for the Constitution!

X. ask Ramsey for referrals for fund raising

1. Cliff Overcash
2. John Hamilton
3. George _________ (Jane solicited; didn't get anything)

Y. Mitchell's (developers in Dallas)

1. Mrs. Lych knows them

Z. Ellen Garwood's list of referrals

1. Clive Runnells
2. Cordelia Crow
3. Lloyd Smith, Houston
4. Kennedy, Denver
5. Ellen's sister for the Constitution

AA. prospects for fund raising

    1. Steve Bechtel

CH 023660A

[illegible]

I. Western Goals

- A. new letter to Western Goals contributors 6
    - 1. declare a victory in all races where we won
    - 2. we'll start again in February
    - 3. we'll put these people on the air
        - a. Orrin Hatch
        - b. Jesse Helms
        - c. Jack Kemp
        - d. Newt Gingrich
        - e. Pat Buchanan (when he leaves the White House)
    - 4. we want Jeremiah Denton as radio commentator

C H 023661

- B. new letter to Western Goals contributors
    - 1. do a mailing on the German radio program ASAP
    - 2. try the report format used by Linda Guell; cover letter from a name
- C. develop a state by state analysis after the election 6
- D. solicitation strategy
    - 1. we're not being militant enough
    - 2. review hi dollar contributor results (Liam)
    - 3. send a letter on Hassenfus out ASAP
- E. Western Goals report to Barbara Newington
- F. Larry McDonald Memorial Project
- G. Western Goals: prepare 4 page proposal of Network America
- H. McIlhany: owes Western Goals money (advance against a book never written)
- I. Jean Kirkpatrick: public affairs spokesperson for Network America

NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

305 FOURTH ST N E
SUITE 1000
WASHINGTON D C 20002

April 3, 1986

Mr. Bruce Hooper
Fidelity Court Building
Radnor - Chester Road
Radnor, PA 19087

Dear Mr. Hooper:

As you well know, we are in the final days of the President's crucial campaign to achieve the aid the Freedom Fighters so desperately need.

Not simply humanitarian aid, but more importantly the effective military aid needed if the Freedom Fighters are to continue successfully resisting attacks by Soviet-supplied Mi-24/HIND D gunships.

The cause of freedom over tyranny will hang in the balance in Nicaragua during the next 100 days. At our upcoming meeting you will be briefed in detail on what those 100 days hold in store for the Freedom Fighters.

We appreciate your support of $15,000. Your help has kept the President's most important foreign policy issue very much alive. We are certain this will lead to ultimate victory on April 15th.

I am enclosing materials for your review. We look forward to seeing you and Ralph on April 16th or 24th.

Sincerely,

Jane E. McLaughlin

Enclosures
JEM/ajd

DEPOSITION
EXHIBIT
8
McLAUGHLIN

NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

305 FOURTH ST. N.E.
SUITE 1000
WASHINGTON, D.C. 20002

April 15, 1986

Mr. Roberto Gonzalez Blanco
Republic National Bank
10 N.W. 42nd Avenue 7th Floor
Miami, FL 33126

Dear Mr. Blanco:

I am pleased you have accepted our invitation to attend the military briefing on Nicaragua at the White House on Wednesday, April 16, 1986.

The program will include senior staff who will discuss the President's continuing efforts to resolve the conflict in Nicaragua.

As of March 31, 1986, all humanitarian aid from the United States to the Freedom Fighters of Nicaragua ended. A victory for the President is expected when the House of Representatives casts its second decisive vote on this issue tomorrow afternoon. However, there will be at least a three month delay on any new aid to the Freedom Fighters.

During this time at least $3 million in humanitarian aid will be needed to continue supporting those forces fighting for freedom in Nicaragua.

You are one of ten private citizens who will be participating in this briefing which will be followed by a working dinner. During and after dinner a special project to specifically support the President's goals in regard to Nicaragua will be discussed and undertaken by the group.

I have enclosed materials for your review detailing the work of the National Endowment for the Preservation of Liberty (N.E.P.L.).

Accommodations at the Hay Adams Hotel and White House security clearance have been arranged. I shall be waiting for you at National Airport for your arrival on Pan Am #254 at 3:38 PM.

We look forward to meeting with you.

Sincerely,

Jane E. McLaughlin

DEPOSITION EXHIBIT
9
McLAUGHLIN

JM 00013

NATIONAL ENDOWMENT
FOR THE
PRESERVATION OF LIBERTY

305 FOURTH ST. N.E.
SUITE 1000
WASHINGTON D.C. 20002

April 21, 1986

Jareda, Asst.

Mr. Rafael Conill
Conill Advertising
501 Fifth Avenue
New York, NY 10017

(212) 661-6588

Dear Mr. Conill:

You are cordially invited to a briefing at the White House. The program will include senior staff who will discuss the President's continuing efforts to resolve the conflict in Nicaragua. The briefing will convene promptly at 6:30 p.m. on April 24, 1986.

As of March 31, 1986, all humanitarian aid from the United States to the Freedom Fighters of Nicaragua ended. At present, Congress is debating the critical issue so vital to U.S. national security. A final positive vote on aid is expected on May 12, 1986. There will be at least a three month delay on any new aid to the Freedom Fighters.

During the delay, at least $3 million in aid will be needed to continue supporting those forces fighting for democracy in Nicaragua.

You are one of ten private citizens being asked to participate in this briefing which will be followed by a working dinner. During and after the dinner, a special project to specifically support the President's goals in Nicaragua will be discussed and undertaken by the group.

The project is urgent and requires me to call you for confirmation and White House security clearance information no later than 12:00 p.m. April 23, 1986. Your dinner and accommodations at the Hay-Adams Hotel on Lafayette Square are complimentary on the night of April 24, 1986.

Sincerely,

Jane E. McLaughlin

JEM/ajd

DEPOSITION
EXHIBIT
10
McLAUGHLIN

DEPOSITION EXHIBIT
12
McLAUGHLIN

000687

7 Selected CD's JM

1. North Carolina #3 - Whitley - dependent on military 27% black huge district - Raleigh/Durham [illegible]

2. North Carolina #8 - Hefner - hokey district

3. Tennessee #5 - Boner - ~~Davidson~~ Nashville

4. Tennessee #6 - Gordon - east of Nashville - 12-15 counties

5. Tennessee #8 - Jones - entire western part of st. northern Memphis

6. Kentucky #3 - Mazzoli - central Louisville -

net gain of Contra aid

7. Kentucky #1 - Hubbard - western part of state huge -

8. Florida #6 - McKay - central - Gainsville, Ocala

9. Florida #14 - Mica - gold coast - Palm Beach Boca Raton

10. Florida #18 - Pepper - Miami

11. Florida #19 - Fascell - south of Miami - Keys

12. Missouri #1 - St. Louis - huge ADA rating William Clay - a black Democrat

13. Texas #10 - Pickle - Austin - Travis County

14. Texas #15 - de la Garza - McAllen

McLAUGH. 12

[illegible]

15. Texas #16 - Ron Coleman - El Paso - ~~[illegible]~~

16. Texas #23 - Bustamante - surrounds San Antonio (Laredo)

17. New Mexico #3 - Bill Richardson (Santa Fe) - * Spanish politics

18. Penn. 8th - Kostmayer

19. Texas #5 Bryant

20. Texas # 12 Jim Wright (Dallas)

NICARAGUA - DEMOCRATIC LIST.

Number after each name indicates as follows:

#1 - Voted for Michel II only.
#2 - Voted for both Michel I and II.

ROBINSON - Arkansas		1
④ FUQUA - Florida	fence	2
BENNETT - Florida		2
MACKAY - Florida	against	1
GIBBONS - Florida		2
MICA - Florida		②?
SMITH - Florida		2
PEPPER - Florida		2
FASCELL - Florida		1
③ THOMAS - Georgia		2
HATCHER - Georgia		2
ROWLAND - Georgia		2
HEFTEL - Hawaii		2
STALLINGS - Idaho		1
LIPINSKI - Illinois		1
PRICE - Illinois		1
MAZZOLI - Kentucky		1
LONG - Louisiana		1
BYRON - Maryland		2
WHITTEN - Mississippi		1
SKELTON - Missouri		②?
RICHARDSON - New Mexico		1
BIAGGI - New York		2
WHITLEY - North Carolina		1
HEFNER - North Carolina		1
⑤ JONES - Oklahoma		1
WATKINS - Oklahoma		1
McCURDY - Oklahoma	JM	1
ENGLISH - Oklahoma		2
✓ KANJORSKI - Pennsylvania		1
✓ MURTHA - Pennsylvania		2
✓ DERRICK - South Carolina		1
✓ SPRATT - South Carolina		1
⑤ LLOYD - Tennessee		2
✓ COOPER - Tennessee		1
✓ BONER - Tennessee	against	①
✓ GORDON - Tennessee		①?
✓ JONES - Tennessee		①?
✓ CHAPMAN - Texas		New
✓ HALL - Texas		2
✓ PICKLE - Texas		2
✓ DE LA GARZA - Texas		2
✓ COLEMAN - Texas		1
✓ BUSTAMANTE - Texas		1
✓ ANDREWS - Texas		1
✓ ORTIZ - Texas		2
✓ DANIEL - Virginia		1
✓ SISISKY - Virgingia		2
✓ MOLLOHAN - West Virginia		1
✓ ASPIN - Wisconsin		1

SUMMARY:
50 Names
22 States

DEPOSITION EXHIBIT
13
McLAUGHLIN

000404

JM

000410

NICARAGUA - REPUBLICAN LIST

Number after each name indicates as follows:

#1 - Voted for Michel II only.
#2 - Voted for both Michel I and II.

✓ZSCHAU - California	2
ROWLAND - Connecticut	1
JOHNSON - Connecticut	2
Madigan - Illinois	
FAWELL - Illinois	② ?
TAUKE - Iowa	2
McKERNAN - Maine	1
SNOWE - Maine	1
DAVIS - Michigan	2
✓BEREUTER - Nebraska	2
GREGG - New Hamphsire	2
RINALDO - New Jersey	2
ROUKEMA - New Jersey	2
FISH - New York	1
GILMAN - New York	① ?
HORTON - New York	1
GRADISON - Ohio	1
Bob Smith - Oregon	
CLINGER - Pennsylvania	2
GOODLING - Pennsylvania	2
RIDGE - Pennsylvania	2
COUGHLIN - Pennsylvania	2
MORRISON - Washington	2
CHANDLER - Washington	2

SUMMARY:
22 Names
13 States

NC Date

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Ollie: how extensive is Singlaub's organization
ask Frank to be Secretary-Treasurer of Western Goals

Jerry Huntsinger
- who does Amer Express' direct mail
- how many AMEX cards in Europe? - can we get the list?

Herb Harmon
- direct mail (904) 222-4910

Intl Who's Who: 100 wealthiest people

USIA
- CARE
- Amer Field Svc
- Youth for Understanding
- Experiment for Intl Living (Brattleboro VT)
- Jefferson Educational Fdn
- African American Institute

David Fischer
- Republicans Abroad

- HBR article on Pepsi Cola
- Richard Allen's firm
  - Henry Kissinger
  - Jean Kirkpatrick
- IDU: London Executive Director

Partially Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5456

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EX. # 11

DEPOSI
EXHI

- Bill O'Neil

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- letters w/ Nic booklet to:
  - radio stations news directors/talk show hosts
  - tv station/talk show hosts
  - newspaper editorial editor

Rod Smith, Republican Senatorial Committee
Inner Circle

NY Times, Wash Post ad for telemarketing supervisor

lunch w/ Linda Fischer: Eric
- preferred lists: State where it's legal to use copies of names

Executive Services, TX?
% list of insiders (SEC)

ME Lewis + Co. → managers - Presidents Club for RNC $1,000

- copy of Peter Grace a

Western Goals:
David { RR letter re: radio network
Western Goals background

draft a Casey letter for NEPL

Ed Meese follow up

get speakers for Western Goals conference

ATAC: get Dole to endorse it

~~David: give Bush file contents~~

subscribe to Defense News @ NEPL (ask Spitz for a cop.

George: needs 3 new RR quotes for SDI booklet

briefing packet on Saudi arms sale to Spitz.

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Back to Office ASAP

Bass Brothers: Green

Town: Green's Tues schedule

395-2000

shopping list on Mon. nite

Elliott: Mon: call Harper

Smiley Ratliff
Grundy, VA

Conservative fdns list

Albert @ Suissa
19th + M

call Amb Philip Sanchez

Amb Sorzano
4pm.
1000 Thomas Jefferson St
ste 601
"M + K"

Tom Korologus
Democrat lobbyist

have they discussed this fee yet?

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5/3/85

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To Do

1. - ads on Nicaragua (Nicaragua I)
   - develop thank you package to go to previous contrib
     - thank you letter from Spitz
     - thank you letter from Pat Buchanan
     - thank you letter from Ed Rollins
     - summary of ad placements + vote change in the House of Representatives
     - script of the ad & stills alongside

2. IDC
   - get copy of letters (A+B) on 5/6/85 (Mon.)
   - send copy to Bunker Hunt asking for permissio to use BH's name
   - send stationary to New Jersey

3. Victory for Virginia campaign
   - make appointment to go to Richmond to see Smith F

4. Calero
   - get list of material needs {boots, bandages, a
   - set first WH briefing date for first week in J
   - set appointment to see slide show to be viewe at briefing
   - arrange John Ramsey's trip to Nicaragua
   - set John Ramsey's fund-raiser dinner date in Wichita Falls, TX for last week in May
   - call Billy Moncrief
   - call Margaret Brock
   - call Alfred Ozner

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5. IBS
   - appointment for Barbara Newington to meet RR

5/3/85
②

6. Grow Washington
    - make appt for lunch with Ray Hower (659-3333
      for week of 5/13/85
    - Get list of Washington Board of Trade
      members from Eric Olson

7. Nicaragua II
    - solicit Roy Haley for $25,000
    - solicit Larry Parmer for $25,000
    - solicit Bunker Hunt for $25,000

8. Vice President Bush
    - make appointment to see him wk of 5/13/85
    - Craig Fuller: 456-1414
    - pull together all copies of Select 500 respon

9. Edie Fraser / Tom Miner
    - arrange meeting with Larry Spivey

10. South Africa
    - get appt to see R T Kingman, VP Public Affairs,
      General Motors, Washington office

11. Barbara Newington
    - develop memo on a.) who she is b) what sh
      done to warrant meeting R.R.

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To Do

Nicaragua I ads
- develop thank you package to go to previous contributo
  - thank you letter from Spitz
  - summary of ad placement
  - storyboards of the ads
  - thank you letter from Pat Buchanan [illegible]
  - thank you letter from RR [illegible] COPY

2. IDC - JANE Smith
  - call Bunker Hunt
  - find out call dates - 25th + 26th of June

3. Victory for Virginia Campaign
  - make appt to see Smith Ferebee in Richmond, VA
  - develop list of people to solicit (outside VA)
  Durett for Gov [illegible]

Calero - Nic [illegible]
  - get list of material needs (boots, bandages, etc.) [illegible]
  - develop slide shows
    - social-political briefing
    - military briefing
    - Calero needs briefing
  - arrange John Ramsey's fund raiser in Wichita Falls, TX
  - arrange fund raisers in other parts of US
    - Billy Monger
    - Margaret Brock (213) [redacted] PRIVACY
    - Akki Ochsner
  - solicit Mr. Gaylord, owns newspaper chain in Okla City or T

5. IBC
  - appt for Barbara Newington to meet RR 6/20
  - Republican House-Senate Dinner list
  - Baly Museum Dinner list
  - Calero picture
  - Conservative Conference white paper
  - Jacques Chirac, Mayor of Paris

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②

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- Cuban mailing list
- letter to Jean Kirkpatrick Honorary Chair of ACT
- appt. to see Charlton Heston
- go see Reagan '84 campaign ads
- progress on Nicaraguan vote
- WH briefing #3: July 18 or 19

6. Grow Washington
   - develop a position paper
   - appt w/ Ray Hower (659-3333)
   - go see Realtors PAC
   - go see Board of Trade PAC
   - develop mailing lists
   - appt. w/ Jimmy Whitehead
   - ask Pearl Bailey to be Honorary Chair

7. Nicaragua II ads
   - solicit contributors for $25,000
     - Roy Haley (send copy of Nic I + II ads on VHS)
     - Larry Parmen
     - Bunker Hunt
     - Langhorn Washburn (develop briefing packet)
   - send Lloyd Unsell, IPAA, schedule of ads

8. Vice President George Bush
   - call Craig Fuller (456-1414)
   - summary of Select 500 responses
   - send out new Select 500 survey
   - develop a position paper on Bush ~~meetings~~ Forums / conferen

9. South Africa
   - appt. w/ R T Kingman, VP Public Affairs, Gen Motors, DC off
   - develop slide show outlining plan
   - develop list of companies to see
   - appt w/ Ambassador before he leaves (Fourie)
   - memo (background) from Frank Gomey

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10. Barbara Newington
    - develop memo on her background

11. Jamaica
    - give small check to Tom Evans
    - get info on Jamaica + Intl Youth Conference
    - get thank you letter from Campbell for Congress
    - get thank you letter from Tom Evans for Campbell

12. Freedom Spots
    - write solicitation letter
    - develop list of prospects
        - Roe Foundation
        - Justin Dart, Jr
        - J. Peter Dunston, VP Martin Marietta Corp
        - Whittle Johnston, Charlottesville, VA
    - get endorsement letter from RR
    - develop scripts

13. Oil Spots
    - write solicitation letter
    - get endorsement letter from Lloyd Unsell, IPAA
    - send $10,000 contribution to Lloyd Unsell, IPAA

14. John Roberts
    - letter from RR
    - RR to address Conservative Conference sponsored by ACT
    - Nicaraguan refugees / WH briefings
    ~~- Barbara Newington to meet RR~~
    - send report on Nicaragua II a

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81210-
⑤

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15. Administration

- call Rick Segal, Barnes Morris + Pardoe 463-8200
- go see building next to Lyn Nofziger
- hire researcher
- sell Olivetti machines
- sell photocopy machines
- buy computers
- develop list of previous contributors
- develop master list of prospects
- arrange test w/ Chris Littledale + Co
- Tad Hillman letter
- develop color portfolio/folder from Colad-Jones

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1/8/86

Jan 20 - Feb 5
Bunker's $237.5 on Mon
Green's $400K on Tues
Bob + Adam Goodman mtg

Sasakawa (87)

Gene (in Philadelphia) is name________
aka (Jeff Bell) RR '76 campaign against Ford

Roger Ailes
(Manhattan)

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1/13/86

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Green:

[redacted]

Fawn: status on WH staff briefing

- Spitz: list additions
  - Select 500 additions

stein
- Arthur Finkelstein (Ron)
(914) 591-8142
16 N. Astor
Irvington NY 10533
AJF + Assoc.

(national) - 20 questions: $1,000 per question
(Week) - 300 interviews per district
- 60 questions
$10K per district

GREEN Shopping List due 1/15/86

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2/4/86

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To Do

Green: Kris re-assignment: National Guard
~~Spitz: vacation policy~~
~~Elliott Abrams: CA trip; Eli Jacobs; [illegible] mtg on 2/6 -~~
~~Mrs. Giddens: Jim Hulbert update~~
~~Cassidy Assoc to coordinate w/ CCH staff~~
~~dictating machine from Angela~~
~~call Terry Dolan~~
~~Linda Quell~~
~~Jim McAvoy~~
~~Green: shopping list~~
NAB: Jim Hulbert, Mrs. Giddens
Peter Grace spot: Steve Cook
Norman Braman: Wash On-Line (Miami)
~~Edie Fraser: letter writing campaign~~
mrs. Giddens: dinner w/ Green next wk
Venice: Evelina / Camicheria

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2/6/86

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CAFP

63 target swing votes
issues:
- military viability
- image prob (human rights; are they unified?)

spokespeople
- UNO members or liaison group members
  - TX
  - FL
  - MO
  - MS
  - KY
  - NC
  - SC
- Creoles scheduled in Feb (persecuted); targeted in NC + SC
- problem: availability of English-speaking Nicaraguans

labor
business
religious

2/18-21 : Calero available

Honduras: Smith, Riggs report

Q- when will press announce?
- next satellite distribution?
- news bureau?

Human Rights Report : call Elliott Abrams ASAP

satellite feeds from Managua by 2/15
film due 2/17
work up an elite press package
news bureau @ Steve's office
invite contributors to press [illegible]
NEPL press conference

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6/3/86

UNCLASSIFIED ~~[illegible]~~ ~~[illegible]~~ = Pol-Liaison

To Do

- Green: call Bruce Hooper re: $100K + how it will be used
- Norman Braeman: not returning calls; promised $5K for Nicaragua
- Bill O'Boyle: Jane called + got no return call + called twice (couldn't get an appt)
- Bill Greaves
- Curt Herge
- George Biondi
- Steve McMahon

Charlie Blakemore:

- Fortress USSR via Federal Express
- ~~computer printout~~

Bill Forlenza

- Western Goals: Voice of Conservativism
  - send proposal via Fed Express

- IBC - develop a plan for ACT/NEPL PR self-sufficiency in [illegible]
- [illegible]: Susan is [illegible] until Thurs. 6/12 [illegible]
- send To Do lists to Rich + David
- $50K into 13 Senate accts: Lyn Nofziger
- prepare a memo for Abramson
- Sony dictating machine phone adaptor

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